

# EL PASO COUNTY SCHOOL DISTRICT 49



## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2016

10850 East Woodmen Road

Peyton, Colorado 80831

[www.d49.org](http://www.d49.org)

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*By Justin L. Smith at 9:03 am, Dec 09, 2016*

Comprehensive Annual Financial Report  
El Paso County School District 49  
El Paso County, Colorado



For the fiscal year ended  
June 30, 2016

Prepared by:

Brett Ridgeway

Chief Business Officer

Ryan Johanson, CPA

Accounting Group Manager

# Introductory Section

The

**Best District**

to Learn, Work and Lead

# Our Coordinated Schools

Falcon Zone	Sand Creek Zone	Vista Ridge Zone	iConnect Zone
 <p>Falcon Elementary</p>	 <p>Evans International Elementary</p>	 <p>Ridgeview Elementary</p>	 <p>Patriot High School</p>
 <p>Meridian Ranch Elementary</p>	 <p>Remington Elementary</p>	 <p>Stetson Elementary</p>	 <p>Springs Studio for Academic Excellence</p>
 <p>Woodmen Hills Elementary</p>	 <p>Springs Ranch Elementary</p>	 <p>Odyssey Elementary</p>	 <p>Falcon Home School</p>
 <p>Falcon Middle</p>	 <p>Horizon Middle</p>	 <p>Skyview Middle</p>	
 <p>Falcon High School</p>	 <p>Sand Creek High School</p>	 <p>Vista Ridge High School</p>	

# Our Charter Schools



Banning Lewis Ranch Academy



Pikes Peak School of Expeditionary Learning



G.O.A.L. Academy



Rocky Mountain Classical Academy



Imagine Classical Academy

# Our Cultural Compass



The heart of the compass rose guides our actions in how we relate to and treat each other.

**Respectful** – We respect others for their abilities, qualities and achievements.

**Transparent** – We build positive relationships through honesty and openness with all stakeholders.

**Caring** – We provide a safe and caring environment for students and staff.

**Accountable** – We hold ourselves accountable for our actions.

The outer face of the compass rose guides us in how we treat our work.

**Strategic** – We ensure all decisions align with the ‘Five Rocks’.

**Innovative** – We encourage risk taking by supporting exploration of new ideas and strategies.

**Creative** – We embrace creativity at all levels.

**Life-long learning** – We model continuous learning to encourage life-long learners.

**El Paso County School District 49  
Board of Education**

**Chief Education Officer**

**Chief Business Officer**

**Chief Operations Officer**

**OFFICE OF THE SUPERINTENDENT**

SCHOOLS, WITH AUTONOMY

Falcon Zone Leader

POWER Zone Leader

Sand Creek Zone Leader

iConnect Zone Leader

Individualized Education

Learning Services

CTE/Concurrent Enrollment

Culture & Services

CENTRAL SUPPORT

Finance & Accounting

Strategic & Project Planning

Risk Management

Purchasing & Contracts

Human Resources

Nutrition Services

Transportation Services

Facilities Maintenance

Ground Management

Safety & Security

WIDE  
ACCOUNTABILITY  
GROUP

Communications

Information Technology (Outsourced)

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December 7, 2016



To the Citizens and Members of the Board of Education of El Paso County School District 49:

Colorado State Law requires that school districts publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. In accordance with this requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of El Paso County School District 49 for the fiscal year ended June 30, 2016.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft or misuse, and to compile sufficient reliable information to prepare financial statements. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide, reasonable, rather than absolute assurance that the financial statements will be free from material misstatement.

The District's financial statements have been audited by Hoelting & Company, Inc., a firm of licensed certified public accountants based in Colorado Springs. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District, for the fiscal year ended June 30, 2016, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluation the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2016 are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

In addition to the annual independent audit of the financial statements, the District is federally mandated to undergo a "Single Audit" due to the amount of federal funds received. This audit is designed to meet the needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis involving the administration of federal awards. The results of the District's single

audit for the period ending June 30, 2016 provided no instances of material weakness in internal controls over compliance or material violations of applicable laws, regulations, contracts and grants. This report is found compliance section of this document.



Generally accepted accounting principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements, in the form of a Management's Discussion and Analysis (MD&A) report. This transmittal letter is designed to complement the Management's Discussion and Analysis, and should be read in conjunction with it. The District's MD&A can be found immediately following the Independent Auditor's Report.

## **PROFILE OF THE DISTRICT**

The District was organized in 1888 and spans 133 square miles in eastern El Paso County, Colorado. Approximately 19% of the District is within the boundary of Colorado Springs and the remaining 81% is located in an unincorporated area of El Paso County known as Falcon. The District is the third largest district in El Paso County and the 14th largest in Colorado. The District has a resident population of 80,008 based on 2013 census data.

The District operates nine elementary schools, three middle schools, and three high schools, in its coordinated school portfolio; five charter schools (four K-8's and one high school), two online programs, one alternative school program, one home school program, and three student support facilities. These schools service 20,571 students. They provide a full range of programs and services authorized by Colorado statute. This includes: pre-kindergarten, elementary, and secondary curriculum at the general, college preparatory and vocational levels. The District also provides the chance for high school students to take college classes and receive college credit during the high school years.

The District's charter schools' financial position are included in the financials as component units. The charter schools are: Banning Lewis Ranch Academy, G.O.A.L Academy, Imagine Classical Academy, Pikes Peak School of Expeditionary Learning, and Rocky Mountain Classical Academy. Each charter school has been approved by the District Board of Education, and authorized by the State of Colorado, to provide education alternatives for students and parents. These schools have separate governing boards and are funded by the State of Colorado and local property tax funds, with revenues passing through the district. The District also provides some support services to the charter schools. Parent Teacher Organization, Athletic and Music Booster Groups and Colorado Digital Board of Cooperative Education Services (CDBOCES) do not meet the criteria for being component units and are accordingly excluded from this report.

The District is governed by a five member Board of Education (the Board). Board members are elected to four year terms by registered voters of the District, unless filling a seat vacated mid-term, which may occasionally result in a two-year term. As of 2015, the District is divided into five representative areas and board members must live in the area they represent and are limited to two terms according to Colorado Law. Biennial school district elections are held in November of odd-numbered years. The Board elects its officers following each election and when mid-term vacancies necessitate a new election of one or more officer positions. The Board is a policy making body whose primary

functions are to establish policies for the District, provide for the general operation and personnel of the District and oversee the property, facilities and financial affairs of the District. Members of the Board serve without receiving compensation.



The Board employs a Chief Education Officer, a Chief Business Officer and a Chief Operations Officer to run day to day operations of the District. This structure deviates from the traditional Superintendent model. Each chief officer focuses on their area of expertise to make this District the best place to learn, work and lead.

The table below outlines the schools, age and enrollment in full-time equivalents (FTE) as of the official count date in October 2015 and the estimated FTE for the 2016-17 school year.

School	Date Placed in Service	October 2015 Student FTE	Projected 2016 Student FTE
Evans International Elementary	1976	617.78	667.78
Falcon Elementary	1982	292.26	276.59
Falcon Middle	1976	908.00	940.00
Falcon High School	2007	1,234.50	1,247.50
Home School Academy	2001	104.28	131.28
Horizon Middle	1985	650.50	716.48
Meridian Ranch Elementary	2003	675.22	674.31
Odyssey Elementary	2006	508.00	495.56
Patriot Learning Center	1952	200.50	161.13
Remington Elementary	1997	528.10	520.86
Ridgeview Elementary	2002	685.62	719.36
Sand Creek High School	1997	1,266.50	1,230.75
Skyview Middle	2000	1,127.00	1,110.00
Springs Ranch Elementary	2002	512.06	509.00
Springs Studio for Academic Excellence	2012	517.06	655.77
Stetson Elementary	1987	508.52	510.02
Vista Ridge High School	2008	1,403.00	1,449.00
Wooden Hills Elementary	2000	656.36	691.52
<b>Charter Schools</b>			
Pikes Peak School of Expeditionary Learning	2008	393.86	394.00
GOAL Academy	N/A	4,065.00	3,750.00
Banning Lewis Ranch Academy	2008	717.56	716.00
Rocky Mountain Classical Academy	2015	1,237.60	1343.10
Imagine Indigo Ranch Academy	2010	723.86	735.00
<b>Total</b>		<b>19,533.14</b>	<b>19,645.01</b>

## The District Budget Process



The District uses a decentralized SBFM (Student based financial management) process for both reporting actual results and preparing budgets. Approximately 80% of the district's expense budget is distributed directly to our schools where Zone Leaders and Building Principals have direct input into how money is best spent for their individual location. Working with the Finance department, these schools develop staffing models (Personnel Spend) and programmatic models (Implementation Spend) based on anticipated revenue driven by projected student count numbers. Once the actual count of students is performed in October, the budgets are amended and approved, and the process starts again to develop proposed budgets for the upcoming school year.

Budgets are prepared annually for all funds of the District. The Board of Education is required to adopt a budget for the fiscal year prior to the July 1 start of the fiscal year, and is allowed to amend that budget any time prior to January 31 of the same fiscal year. Supplemental Budgets may be adopted after January 31 for any fund, if the supplemental change is related to new spends driven by the presence of new, non-tax, revenue in that fund.

## ECONOMIC CONDITION

### Local Economy

The District is located on the northeast side of Colorado Springs and continues to the east to the unincorporated area known as Falcon. Colorado Springs is the second most populous city in the state, behind Denver. The main employment sectors in El Paso County are: Retail and wholesale trade, health and social services, and accommodation and food services. The military is also an important part of the community with four major bases in the Colorado Springs area. About 14% of the students are connected to the military either through military families or civilian parents employed on federal property.

The local economy shows signs of being strong. Building of new homes continues to increase. There has been a significant increase since 2010 in the number of single family building permits. Property valuations continue to increase within the District. Unemployment continues to stay low at 3.9% compared to the national average of 4.9%. Which also results in higher sales and use tax receipts and new vehicle registration increases.

### Long-term Financial Planning

The District will continue to grow into the foreseeable future due to expected continued growth of Colorado Springs, along with the addition of new housing developments within the District's boundaries. It is estimated that within the next 20 years and additional 13,000 students will be added due to new housing developments being built. That will potentially create the need for fourteen elementary schools, four middle schools and two high schools.

The District maintains a low general fund obligation debt. The District expects to have paid off all outstanding bonds paid off by 2017. This will leave the District with the needed borrowing capacity to build schools as the need arises, and as the constituency allows.



## **Financial Policies**

Detailed descriptions of the District's accounting policies are contained in the Notes for the Financial Statements on pages 25 to 54 of this report. These policies describe the basis of accounting, funds and accounts used, valuation policies for investments, capital assets and other significant accounting information.

The District maintains a number of budgetary controls. The objective of budgetary controls are to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the board. Budgetary control is established at the fund level.

The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Unencumbered amounts lapse at end of the fiscal year but are normally allowed to be rebudgeted by the original unit in the subsequent fiscal year.

## **Major Initiatives**

The District has begun a process to pursue 'Performance Excellence' using the Baldrige criteria for Performance Excellence framework. In 2016, the District was given the Foothills Performance Award from the regional level organization (Rocky Mountain Performance Excellence, aka RMPex) and will continue to seek additional awards for organizational excellence in order to facilitate ever-improving operations and processes within the District

In the 2016-17 school year, the District will add one new charter school to its portfolio. The Power Technical Early College (PTEC – operated by James Irwin Charter Schools) is designed to serve grades 6-12 with the option of staying with PTEC after the 12<sup>th</sup> grade to obtain a free Associates Degree from Pikes Peak Community College: The PTEC curriculum will focus on machining technology, architectural engineer/construction management, welding, computer aided drafting, electronics technology, and heating, air conditioning and refrigeration. Students will also have the opportunity to earn industry recognized certifications during their lab courses that will make them able to obtain professional employment immediately upon certification if they so desire.

In November 2016 the District asked voters to approve a new mill levy override to fund high school remodel/additions, renovate and refresh the current facilities, provide more competitive teacher salaries and build two new elementary schools. This mill levy override will replace the bond levy to previously authorized to repay general obligation (bonded) debt, when the debt is fully repaid in 2017. This measure was passed with a resounding 65% approval rate.

## ACKNOWLEDGEMENTS



We would like to thank the Board of Education for their leadership and support to the students, staff and community. We appreciate their support in planning and conducting the financial operations of the District to their highest potential. We would also like to thank our independent auditors from Hoelting & Company Inc., for their professional and helpful approach in creating this Comprehensive Annual Financial Report. Their assistance was invaluable in creating this report. Finally, we would like to thank the accounting and payroll staff who play an integral role in the financial success of District 49 on a daily basis.

Respectfully submitted,

A handwritten signature in blue ink that reads "Brett Ridgway".

Brett Ridgway  
Chief Business Officer

A handwritten signature in black ink that reads "Ryan Johanson, CPA".

Ryan Johanson, CPA  
Accounting Group Manager

# El Paso County School District 49

## Elected Officials Board of Education

Marie LaVere-Wright  
David Moore  
Tammy Harold  
Kevin Butcher  
John Graham

President  
Vice President  
Secretary  
Treasurer  
Director

## Administrative Officials

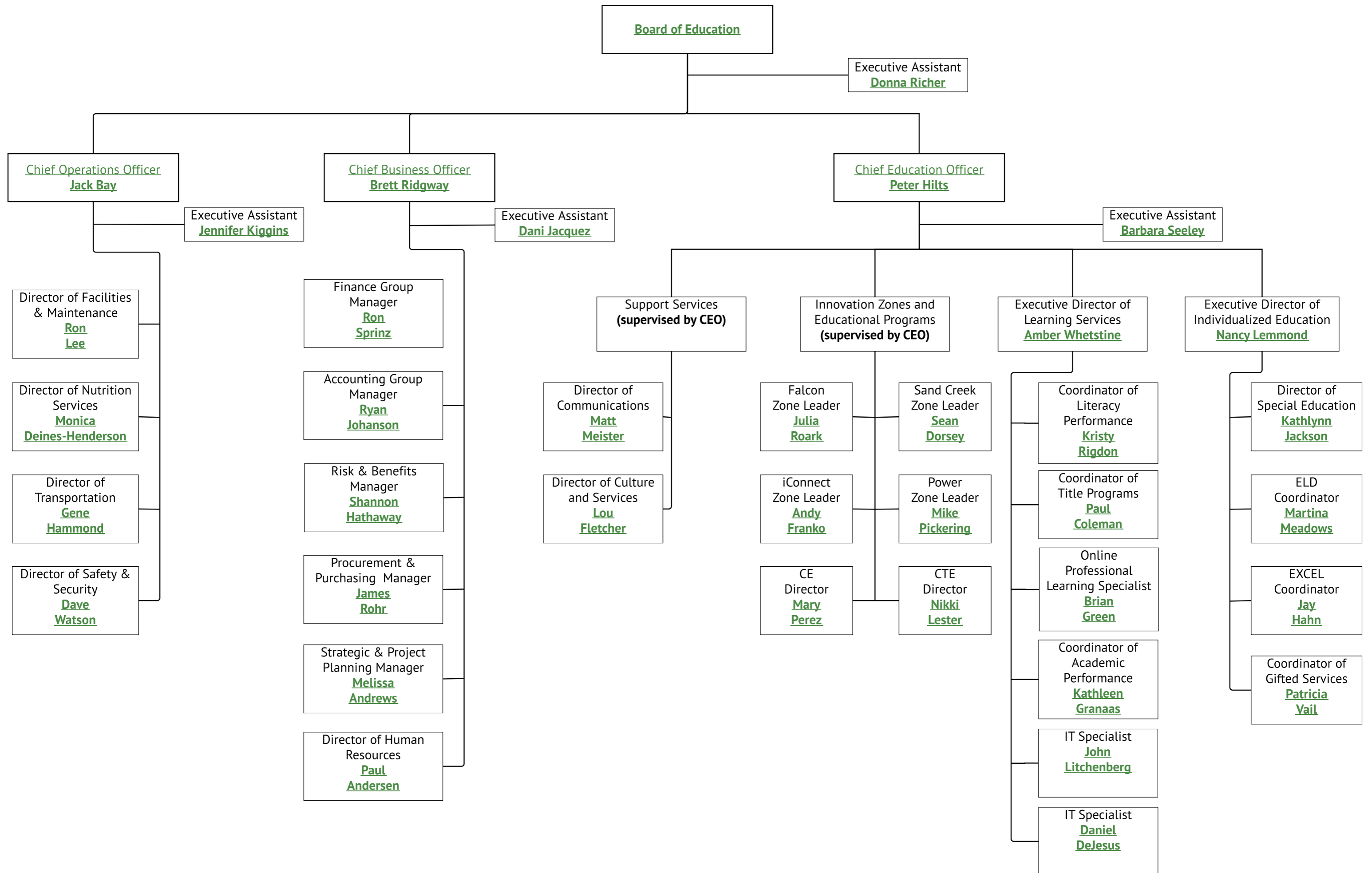
Peter Hilts  
Brett Ridgway

Jack Bay  
Julia Roark  
Sean Dorsey  
Mike Pickering  
Andy Franko  
Amber Whetstine

Zach Craddock

Paul Andersen  
Gene Hammond  
Monica Deines-Henderson  
Matt Meister  
Donna Richer

Chief Education Officer  
Chief Business Officer & Assistant  
Treasurer  
Chief Operations Officer  
Falcon Zone Leader  
Sand Creek Zone Leader  
Power Zone Leader  
iConnect Zone Leader  
Executive Director of Learning  
Services  
Executive Director of  
Individualized Education  
Director of Human Resources  
Director of Transportation  
Director of Nutrition Services  
Director of Communications  
Secretary to the Board of Education



# Financial Section





## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
El Paso County School District 49

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of El Paso County School District 49, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Pikes Peak School of Expeditionary Learning, and Imagine Charter School at Indigo Ranch which represent 14.0 percent, 21.0 percent, and 16.0 percent respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as those reports relate to the amounts included for Pikes Peak School of Expeditionary Learning and Imagine Charter School at Indigo Ranch is based on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the El Paso County School District 49, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the El Paso County School District 49's basic financial statements. The introductory section and combining and individual fund financial statements and schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2016, on our consideration of the El Paso County School District 49's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering El Paso County School District 49's internal control over financial reporting and compliance.

*Hoelting & Company Inc.*

Colorado Springs, Colorado  
December 7, 2016

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
**JUNE 30, 2016**

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As management of El Paso County (aka Falcon) School District 49, we offer readers of the School District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2016.

**Financial Highlights**

- The Governmental Activities of District 49 had a deficit Net Position of \$-82,122,256 at the end of the current fiscal year, a decrease of \$4,480,437 from the prior year. This is due to the PERA pension liability of \$201,734,357 being pushed to the school district level. Excluding the PERA liability the Net Position would be \$119,612,101, an increase from the prior year of \$19,955,197.
- General Revenues for the Governmental Activities of the District totaled \$103,514,087, or 77.3% of all revenues. Program specific revenues in the form of charges for services and grants and contributions received accounted for \$30,320,583, or 22.7% of total revenues of \$133,834,670.
- The ending fund balance of total General Funds was \$36,209,607. The General Fund portion maintained a fund balance to District Adjusted Gross Revenue (DAGR) ratio above 10% (11.5%), which is required by District 49 Board of Education Policy.
- General Funds' Revenue, including the Component Unit share (Charter Schools – net of services), totaled \$155,481,414 which was up \$14,349,586; (10.2%) from the prior year.
- Total student count in the District increased 9.0% from the prior year, while the corresponding funded student count increased by 5.0% (932 student FTE).
- The Nutritional Service Fund reported a ending fund balance of \$1,431,315, an increase of \$188,229 from the prior year, and \$123,109 better than budgeted due higher revenue.

Effective July 1, 2014, the District, as required, implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions. This resulted in a new liability amount on the District's financial reports totaling \$201,734,357. While the intentions of GASB 68 where appropriate for private sector pension programs, its utility for a public sector entity, like D49, is limited and in fact may be more confusing for readers of the financial statements than without. To see more relevant comparability, users may want to adjust the totals presented for this amount.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The Falcon School District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information about all the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
**JUNE 30, 2016**

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The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the District include instruction, instructional support, general and school administration, business and central services, maintenance and operations, and transportation. The business-type activity of the District includes food service.

The government-wide financial statements include not only the District itself (known as the primary government), but also legally separate charter schools. Financial information for the charter schools are presented separately because the charter schools are financially accountable to the District and provide services to the District's students.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Falcon School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: government funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide fund financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

District 49 maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, and the bond redemption fund because all are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

District 49 adopts an annual appropriated budget for each of the governmental funds. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

**Proprietary Funds.** District 49 maintains one proprietary fund. Internal service funds are used to accumulate and allocate costs internally among the district's various functions. The district uses internal service funds to account for employee benefit programs for health insurance. Because these services predominate benefit

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governmental rather than business-type functions, they have been included with governmental activities in the government-wide financial statements

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside of the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Falcon School District's own programs. The two fiduciary funds utilized by the District are the Falcon Scholarship Fund and the Pupil Activity Fund. The accounting for fiduciary funds is much like that used for proprietary funds.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District.

The combining statements referred to earlier in connection with non-major governmental funds are presented after the notes to the required supplementary information.

**Discretely Presented Component Units.** These are operations for which the District has financial accountability, but they have certain independent qualities as well. All are considered major component units.

The District's five component units are:

- Pikes Peak School of Expeditionary Learning
- Banning Lewis Ranch Academy
- Rocky Mountain Classical Academy
- Imagine Indigo Ranch
- G.O.A.L. Academy

Complete financial statements of the individual component units can be obtained from their respective administrative offices as well as their individual websites. Addresses and other information about the District's component units are presented in the notes to the financial statements.

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**Government-wide Financial Analysis**

As noted earlier, net position may serve as a useful indicator of changes in a government's financial position over time. In the case of Falcon School District, Primary Government Liabilities exceeded Assets by \$82,122,256 at the close of the most recent fiscal year. This is due to \$201,734,357 of the PERA liability being assigned to the school district. Excluding this liability Falcon School District Primary Government Liabilities exceeded Assets by \$119,612,101.

Of that amount, \$62,586,946 of net position is invested in capital assets net of accumulated depreciation and related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

\$19,023,043 of the District's net position represents resources that are subject to external restriction on how they may be used.

**FALCON SCHOOL DISTRICT 49 NET POSITION**

	Governmental Activities	
	2016	2015
<b>ASSETS</b>		
Current assets	\$ 46,287,176	\$ 54,251,520
Capital assets, net of depreciation	147,212,998	152,239,880
<b>Total assets</b>	<b>193,500,174</b>	<b>206,491,400</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>Total deferred outflows of resources</b>	<b>33,941,526</b>	<b>14,851,421</b>
<b>LIABILITIES</b>		
Current liabilities	22,330,032	12,651,757
Long-term liabilities	284,183,587	285,972,883
<b>Total liabilities</b>	<b>306,513,619</b>	<b>298,624,640</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>Total deferred outflows of resources</b>	<b>3,050,337</b>	<b>-</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	62,586,946	51,041,127
Restricted for:		
TABOR	3,320,000	3,200,000
Debt Service	15,630,174	23,415,052
Preschool	72,869	92,644
Unrestricted	(163,732,245)	(155,030,642)
<b>TOTAL NET POSITION</b>	<b>\$ (82,122,256)</b>	<b>\$ (77,281,819)</b>

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Governmental activities decreased the net position of the District by \$6,563,377. Program revenues included \$14,025,571 in charges for services, and \$15,591,007 in operating grants and contributions. Over \$100.3 million was received in general revenues consisting of local property taxes, specific ownership taxes, and school finance act revenue. The majority of expenses were for instructional purposes which totaled \$73,810,829 out of a total of \$140,398,047.

Program revenues for Nutritional Services included \$1,570,844 in charges for services and \$2,068,071 in operating grants and contributions. Expenditures of \$3,450,686 were for food services.

**FALCON SCHOOL DISTRICT 49 - Changes in Net Position**

	<b>Governmental Activities</b>	
	<b>2016</b>	<b>2015</b>
<b>PROGRAM REVENUES</b>		
Charges for service	\$ 14,025,571	\$ 13,475,370
Operating Grants & contributions	15,591,007	14,378,042
Capital Grants & contributions	704,005	2,835,468
<b>GENERAL REVENUES</b>		
Property Taxes	33,364,551	25,822,318
Specific ownership taxes	3,676,411	2,762,983
State equalization	65,914,912	71,655,103
Investment earnings	84,202	36,042
Miscellaneous revenues & transfers	474,011	414,377
<b>TOTAL REVENUES</b>	<u>133,834,670</u>	<u>131,379,703</u>
<b>EXPENSES</b>		
Instruction	73,810,829	69,436,074
Supporting Services	55,862,491	51,860,340
Community Services	3,110	2,309
Facilities Acquisition & Construction	2,313,108	1,555,578
Interest on long-term debt	3,450,685	5,940,860
Food Service	4,957,824	3,563,638
<b>TOTAL EXPENSES</b>	<u>140,398,047</u>	<u>132,358,799</u>
Change in Net Position	(6,563,377)	(979,096)
Beginning Net Position	(77,281,819)	80,022,481
Prior Period Adjustment	1,722,940	(156,325,204)
<b>TOTAL NET POSITION</b>	<u>\$ (82,122,256)</u>	<u>\$ (77,281,819)</u>

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**Financial Analysis of the Governmental Funds**

As stated earlier, the Falcon School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$30,876,271.

The general fund is the chief operating fund of the District. At the end of the current fiscal year committed and unassigned fund balance of the general fund was \$9,646,242 while total fund balance is \$20,764,521. As a measure of the general fund's liquidity, it may be useful to compare both contingent/unassigned fund balance and total fund balance to total fund expenditures. Excluding Charter School remittances, nominally committed and unassigned fund balance represents 10.3% of total general fund expenditures, while total fund balance represents 22.1% of that same amount.

The Bond Redemption Fund remains in strong financial condition. The fund has an ample fund balance to make the December 1<sup>st</sup> principal and interest payments on the District's voter approved debt. The fund balance as of June 30, 2016 is \$7,904,764, which is entirely restricted for debt service.

In 2015-16, Falcon School District expended \$5,129,118 of local, state and federal grant funds, excluding charter school grant expenditures. Of these expenditures, \$744,891 represent funds yet to be received from the individual granting authorities prior to the close of the fiscal year; and are scheduled for receipt early in the 2016-17 fiscal year.

**General Fund Budgetary Highlights**

The District approves the original budget in June based on enrollment projections for the following school year. In October, after a better estimate of enrollment can be made, adjustments are made to the budget. The rapid growth the District experienced for most of 2000's has moderated in the last few years. The 2014-15 to 2015-2016 expected growth was 3.2%

Some significant budget highlights include:

- The final (Amended) budget showed increased expenditures by \$5,962,915 from the original (Adopted) budget. The increase was due to debt refinancing (\$3,193,087) and a general increase to bring down fund balance to board approved levels.
- Actual General Fund results for the 2015-16 fiscal year showed revenues in excess of expenses by \$285,361, which was \$6,234,724 better than the final budget. The improvement came from improved categorical revenue and lower expenditures.

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JUNE 30, 2016**

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**Capital Assets and Debt Administration**

**Capital assets.** The Falcon School District's investment in capital assets for governmental activities as of June 30, 2016 amounts to \$147,212,998 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery, equipment, and vehicles. The total decrease in the District's investment in capital assets for the current fiscal year was due to the depreciation of existing assets.

**Investments in Capital Assets**

	<u>Balance @ 6/30/2016</u>	<u>Balance @ 6/30/2015</u>
<b>Governmental Activities</b>		
Land and Site Improvements	15,765,500	15,765,500
Buildings & Improvements	127,507,136	132,746,528
Equipment	3,054,328	3,161,785
Construction in Progress	886,034	566,067
Total capital assets, net	<u>147,212,998</u>	<u>152,239,880</u>

Additional information on the District's capital assets can be found in the notes to the financial statements.

**Long-Term Debt.** At the end of the current fiscal year, the District's total outstanding long-term debt was \$91,862,431. Of this amount, \$12,346,754 is general obligation bonds for which there is a mill levy assessment to pay the debt, \$4,049,924 for capital leases, and \$68,345,000 in certificates of participation.

In November 2005, the taxpayers approved a mill levy override to pay for the construction of new facilities and additions to current facilities. The District sold the aforementioned Certificates of Participation in July 2006 and July 2007 to finance this construction and will pay the certificates back with the approved mill levy override tax revenue.

State Statutes limit the amount of the District's general obligation bonded debt to 20% of the assessed value of the District, or 6% of the retail value of the District. At the end of the current fiscal year, the District had total general obligation bonded debt of \$12,305,000 or 1.6% of assessed value, or 0.2% of retail value. The district's legal debt limit and debt margin is \$150,394,494 and \$138,089,494 respectively relative to the assessed value measures.

Additional information on the District's long-term debt can be found in the notes to the financial statements.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
**JUNE 30, 2016**

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**Economic Factors and 2016-2017 Budget**

- The local, state, and federal economies are recovering. This was seen in the change in the District's assessed property value, which increased by 9.03% in 2015 from the prior year to a total of \$751,972,470. This change was recognized in a non-reassessment cycle. It is normal for there to be a lag in recognizing changes in assessed valuations relative to market values.
- The District must continue to work proactively with developers, the City of Colorado Springs, and El Paso County to confront the enrollment growth issue. Falcon School District has been one of the fastest growing school districts in the state, based on enrollment - on a percentage basis, for the last several years.
- The District continues to work with charter schools. The District had five charter schools during the current fiscal year after taking over authorizing responsibility for the state's largest multi-district online charter school on July 1, 2013; and adding another charter school and approving a charter high school.
- The District ended the 2015-16 school year with more than a 10% revenue to fund balance ratio (excluding PERA liability), as mandated by School Board Policy. The 10% target equates to approximately one month of expenditures and is necessary to handle the District's annual cash flow cycle that is present due to the seasonal nature of property tax receipts.

**Requests for Information**

The financial report is designed to provide a general overview of Falcon School District's finances for those with an interest in the District. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Department, Falcon School District 49, 10850 E. Woodmen Road, Falcon, CO 80831

## **BASIC FINANCIAL STATEMENTS**

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	<b>Primary Government Governmental Activities</b>	<b>Component Units</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 26,932,423	\$ 17,338,140
Restricted cash and cash equivalents	16,399,950	1,072,051
Investments	-	5,060,675
Accounts receivable	316,955	345,418
Grants receivable	1,250,305	-
Taxes receivable	1,077,291	-
Intergovernmental receivables	-	174,923
Receivable from fiduciary funds	127,090	-
Prepaid expenses	-	572,156
Deposits	-	83,407
Inventories	183,162	-
Capital assets, not being depreciated	16,651,534	2,280,506
Capital assets, net of depreciation	130,561,464	32,997,815
Total assets	193,500,174	59,925,091
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charge on refunding	6,134,791	864,319
Deferred pension outflows	27,806,735	7,021,837
Total deferred outflows of resources	33,941,526	7,886,156
<b>LIABILITIES</b>		
Accounts payable and other current liabilities	1,970,486	1,311,319
Accrued salaries and benefits	9,922,342	955,829
Compensated absences	139,568	
Accrued interest	135,946	766,721
Unearned revenues	888,057	203,128
Long-term liabilities		
Due within one year	9,273,633	535,988
Due in more than one year	82,449,230	40,026,550
Net pension liability	201,734,357	49,427,436
Total liabilities	306,513,619	93,226,971
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue	-	321,463
Deferred pension inflows	3,050,337	2,174,888
Total deferred inflows of resources	3,050,337	2,496,351
<b>NET POSITION</b>		
Net investment in capital assets	62,586,946	(4,675,528)
Restricted for:		
Emergency reserve (TABOR)	3,320,000	1,608,200
Debt service	15,630,174	3,302,082
Preschool	72,869	-
Repairs and replacement	-	226,875
Unrestricted	(163,732,245)	(28,373,704)
Total net position	\$ (82,122,256)	\$ (27,912,075)

The accompanying notes are an integral part of these financial statements.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenue</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>	
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Primary Governmental Activities</b>	<b>Component Units Charter Schools</b>
<b>Primary government</b>						
Governmental activities						
Instruction	\$ 73,810,829	\$ 2,996,028	\$ 12,159,925	\$ 704,005	\$ (57,950,871)	\$ -
Supporting services	55,862,491	9,458,699	1,363,011	-	(45,040,781)	-
Community services	3,110	-	-	-	(3,110)	-
Facilities acquisition & construction	2,313,108	-	-	-	(2,313,108)	-
Food Service	3,450,685	1,570,844	2,068,071	-	188,230	-
Interest and fiscal charges	4,957,824	-	-	-	(4,957,824)	-
Total governmental activities	<u>\$ 140,398,047</u>	<u>\$ 14,025,571</u>	<u>\$ 15,591,007</u>	<u>\$ 704,005</u>	<u>(110,077,464)</u>	<u>-</u>
<b>Component units</b>						
Charter schools	<u>\$ 52,265,472</u>	<u>\$ 3,354,688</u>	<u>\$ 1,815,875</u>	<u>\$ 697,410</u>		<u>(46,397,499)</u>
General revenues:						
Property taxes					33,364,551	90,907
Specific ownership taxes					3,676,411	-
State equalization					65,914,912	-
Per pupil revenue					-	50,915,353
Investment earnings					84,202	81,731
Miscellaneous					474,011	1,059,352
Total general revenues					<u>103,514,087</u>	<u>52,147,343</u>
Change in net position					(6,563,377)	5,749,844
Net position - beginning, as restated					<u>(75,558,879)</u>	<u>(33,661,919)</u>
Net position - ending					<u>\$ (82,122,256)</u>	<u>\$ (27,912,075)</u>

The accompanying notes are an integral part of these financial statements.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

	<b>General Fund</b>	<b>Bond Redemption Fund</b>	<b>Total Nonmajor Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 25,472,501	\$ -	\$ 334,028	\$ 25,806,529
Restricted cash and cash equivalents	8,505,234	7,894,716	-	16,399,950
Accounts receivable	290,362	-	26,593	316,955
Grants receivable	-	-	1,250,305	1,250,305
Taxes receivable	902,632	174,659	-	1,077,291
Receivable from fiduciary funds	938,481	-	-	938,481
Due from other funds	100,397	-	2,685,162	2,785,559
Inventories	-	-	183,162	183,162
	<u>-</u>	<u>-</u>	<u>183,162</u>	<u>183,162</u>
 Total assets	 <u>\$ 36,209,607</u>	 <u>\$ 8,069,375</u>	 <u>\$ 4,479,250</u>	 <u>\$ 48,758,232</u>
<b>LIABILITIES</b>				
Accounts payable and other accrued liabilities	\$ 1,025,083	\$ -	\$ 425,933	\$ 1,451,016
Accrued salaries and benefits	9,668,340	-	254,002	9,922,342
Compensated absences	137,145	-	2,423	139,568
Payable to fiduciary funds	1,022	-	810,369	811,391
Due to other funds	4,134,353	65,751	34,646	4,234,750
Unearned revenue	143,166	-	744,891	888,057
	<u>15,109,109</u>	<u>65,751</u>	<u>2,272,264</u>	<u>17,447,124</u>
 Total liabilities	 <u>15,109,109</u>	 <u>65,751</u>	 <u>2,272,264</u>	 <u>17,447,124</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue-property taxes	335,977	98,860	-	434,837
	<u>335,977</u>	<u>98,860</u>	<u>-</u>	<u>434,837</u>
 Total deferred inflows of resources	 <u>335,977</u>	 <u>98,860</u>	 <u>-</u>	 <u>434,837</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	183,162	183,162
Restricted for:				
Emergency reserve (TABOR)	3,320,000	-	-	3,320,000
Debt service	7,725,410	7,904,764	-	15,630,174
Preschool	72,869	-	-	72,869
Committed for:				
Risk management	380,653	-	-	380,653
Capital projects	1,286,850	-	419,545	1,706,395
Contingencies	5,972,414	-	-	5,972,414
Assigned for:				
Food Services	-	-	1,248,153	1,248,153
Pupil activities	-	-	356,126	356,126
Unassigned	2,006,325	-	-	2,006,325
	<u>20,764,521</u>	<u>7,904,764</u>	<u>2,206,986</u>	<u>30,876,271</u>
 Total fund balances	 <u>20,764,521</u>	 <u>7,904,764</u>	 <u>2,206,986</u>	 <u>30,876,271</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 36,209,607</u>	 <u>\$ 8,069,375</u>	 <u>\$ 4,479,250</u>	 <u>\$ 48,758,232</u>

The accompanying notes are an integral part of these financial statements.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance - governmental funds	\$ 30,876,271
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds, but are reported in the governmental activities of the statement of net position.	147,212,998
Property tax receivable is not available to pay current period expenditures and therefore is not reported in this fund financial statement, but is reported in the governmental activities of the statement of net position.	434,837
Deferred charges on refunding are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the statement of net position.	6,134,791
Internal service funds are used by the District's management to charge the cost of certain activities to individual funds. The assets and liabilities of the internal service funds are included with governmental activities in the statement of net position.	2,055,615
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred outflows of resources.	27,806,735
Accrued interest is not due and payable in the current period, and therefore is not reported as a liability in the funds.	(135,946)
Net pension liability is not due and payable in the current period and, therefore, are not reported in the funds.	(201,734,357)
Other long-term liabilities are not due and payable in the current period and, therefore, are reported as deferred inflows of resources.	(3,050,337)
Long-term liabilities, including bonds payable, are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the statement of net position.	<u>(91,722,863)</u>
Net position of governmental activities	<u><u>\$ (82,122,256)</u></u>

The accompanying notes are an integral part of these financial statements.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>General Fund</u>	<u>Bond Redemption Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Local sources	\$ 33,957,632	\$ 7,607,170	\$ 3,786,268	\$ 45,351,070
State sources	72,949,704	-	579,454	73,529,158
Federal sources	476,349	-	6,865,190	7,341,539
	<u>107,383,685</u>	<u>7,607,170</u>	<u>11,230,912</u>	<u>126,221,767</u>
<b>EXPENDITURES</b>				
Instruction	57,972,601	-	4,606,336	62,578,937
Supporting services	40,691,327	-	2,929,415	43,620,742
Community services	1,846	-	1,264	3,110
Facilities acquisition and construction	2,292,721	-	-	2,292,721
Food Service	-	-	3,450,686	3,450,686
Debt service	6,139,829	4,787,504	-	10,927,333
	<u>107,098,324</u>	<u>4,787,504</u>	<u>10,987,701</u>	<u>122,873,529</u>
Excess (deficiency) of revenues over expenditures	<u>285,361</u>	<u>2,819,666</u>	<u>243,211</u>	<u>3,348,238</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out)	(420,844)	-	420,844	-
Refunding bond proceeds	-	8,780,000	-	8,780,000
Payment to refunded bond escrow agent	-	(19,472,793)	-	(19,472,793)
	<u>(420,844)</u>	<u>(10,692,793)</u>	<u>420,844</u>	<u>(10,692,793)</u>
Net change in fund balances	(135,483)	(7,873,127)	664,055	(7,344,555)
Fund balances - beginning, as restated	<u>20,900,004</u>	<u>15,777,891</u>	<u>1,542,931</u>	<u>38,220,826</u>
Fund balances - ending	<u>\$ 20,764,521</u>	<u>\$ 7,904,764</u>	<u>\$ 2,206,986</u>	<u>\$ 30,876,271</u>

The accompanying notes are an integral part of these financial statements.

**EL PASO COUNTY SCHOOL DISTRICT 49  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds:	\$ (7,344,555)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(5,026,882)
Governmental funds do not present property tax revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.	(35,437)
Internal service funds are used by the District to charge the cost of certain activities to individual funds. The net revenue of the internal service funds are reported with governmental activities.	(266,015)
Interest expense is reported when incurred in the statement of activities but is not reported in the funds until paid.	87,391
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	16,572,701
Governmental funds measure compensated absences by the amount of financial resources used, whereas these expenses are reported in the statement of activities based on the amounts incurred during the year.	13,395
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	<u>(10,563,975)</u>
Change in net position of governmental activities	<u><u>\$ (6,563,377)</u></u>

The accompanying notes are an integral part of these financial statements.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2016**

	<u><b>Governmental</b></u> <u><b>Activities</b></u> <u><b>Internal</b></u> <u><b>Service Fund</b></u>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 1,125,894
Due from other funds	1,449,191
Total current assets	<u>2,575,085</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	<u>519,470</u>
Total current liabilities	<u>519,470</u>
<b>NET POSITION</b>	
Unrestricted	<u>2,055,615</u>
Total net position	<u><u>\$ 2,055,615</u></u>

The accompanying notes are an integral part of these financial statements.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 8,433,819
Total operating revenues	8,433,819
<b>OPERATING EXPENSES</b>	
Purchased services	8,705,066
Total operating expenses	8,705,066
Operating income (loss)	(271,247)
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest and investment revenue	5,232
Total non-operating revenue (expenses)	5,232
Change in net position	(266,015)
Net position - beginning	2,321,630
Net position - ending	\$ 2,055,615

The accompanying notes are an integral part of these financial statements.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers and users	\$ 9,074,500
Cash payments to suppliers	(8,632,469)
Net cash provided (used) by operating activities	442,031
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	5,232
Net cash provided (used) by investing activities	5,232
Net increase (decrease) in cash and cash equivalents	447,263
Cash and cash equivalents - beginning	678,631
Cash and cash equivalents - ending	\$ 1,125,894
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	\$ (271,247)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
(Increase) decrease in:	
Due from other funds	243,784
Increase (decrease) in:	
Accounts payable	72,596
Interfund payable	396,898
Total adjustments	713,278
Net cash provided (used) by operating activities	\$ 442,031

The accompanying notes are an integral part of these financial statements.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2016**

	<b>Private- Purpose Trust Fund</b>	<b>Agency Fund</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,111	\$ 859,041
Receivable from primary government	1,022	-
	6,133	859,041
<b>LIABILITIES</b>		
Accounts payable	-	11,985
Payable to primary government	-	128,112
Due to student organizations	-	718,944
	-	\$ 859,041
<b>NET POSITION</b>		
Held in trust for scholarship recipients	6,133	
	\$ 6,133	

The accompanying notes are an integral part of these financial statements.

**EL PASO COUNTY SCHOOL DISTRICT 49  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE, 30 2016**

	<b>Private- Purpose Trust Fund</b>
<b>ADDITIONS</b>	
Fundraising activities	\$ 23
Total additions	<u>23</u>
<b>DEDUCTIONS</b>	
Scholarship awards	<u>1,000</u>
Total deductions	<u>1,000</u>
Change in net position	(977)
Net position - beginning	<u>7,110</u>
Net position - ending	<u><u>\$ 6,133</u></u>

The accompanying notes are an integral part of these financial statements.

## **COMPONENT UNITS**

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**COMPONENT UNITS**  
**COMBINING STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	Pikes Peak School of Expeditionary Learning	Banning Lewis Ranch Academy	Rocky Mountain Classical Academy	The Imagine Classical Academy	GOAL Academy	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,785,373	\$ 2,015,920	\$ 1,676,681	\$ 1,448,907	\$ 10,411,259	\$ 17,338,140
Restricted cash and cash equivalents	109,047	963,004	-	-	-	1,072,051
Investments	-	-	5,060,675	-	-	5,060,675
Receivables	-	-	22,214	-	323,204	345,418
Prepaid expenses	-	30,747	215,158	-	326,251	572,156
Deposits	-	-	16,210	-	67,197	83,407
Intergovernmental receivables	-	27,217	-	-	147,706	174,923
Capital assets, not being depreciated	548,380	-	1,693,591	-	38,535	2,280,506
Capital assets, net of depreciation	4,353,655	5,554,510	20,951,678	-	2,137,972	32,997,815
<b>Total assets</b>	<b>6,796,455</b>	<b>8,591,398</b>	<b>29,636,207</b>	<b>1,448,907</b>	<b>13,452,124</b>	<b>59,925,091</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Loss on Debt Refunding, Net of Accumulated Depreciation	864,319	-	-	-	-	864,319
Deferred pension outflows	526,632	-	1,224,821	1,200,301	4,070,083	7,021,837
<b>Total deferred outflows of resources</b>	<b>1,390,951</b>	<b>-</b>	<b>1,224,821</b>	<b>1,200,301</b>	<b>4,070,083</b>	<b>7,886,156</b>
<b>LIABILITIES</b>						
Accounts payable and other current liabilities	32,905	332,140	139,146	1,926	805,202	1,311,319
Accrued salaries and benefits	113,495	153,109	207,776	-	481,449	955,829
Accrued interest	18,052	17,458	731,211	-	-	766,721
Unearned revenues	1,185	-	199,053	2,890	-	203,128
Long-term liabilities						
Due within one year	155,988	170,000	210,000	-	-	535,988
Due in more than one year	6,033,148	6,785,000	27,208,402	-	-	40,026,550
Net Pension Liability	3,739,405	-	8,078,614	6,537,298	31,072,119	49,427,436
<b>Total liabilities</b>	<b>10,094,178</b>	<b>7,457,707</b>	<b>36,774,202</b>	<b>6,542,114</b>	<b>32,358,770</b>	<b>93,226,971</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred pension inflows	57,465	-	442,466	92,656	1,582,301	2,174,888
Unavailable revenue - Summit Settlement	-	-	-	-	321,463	321,463
<b>Total deferred inflows of resources</b>	<b>57,465</b>	<b>-</b>	<b>442,466</b>	<b>92,656</b>	<b>1,903,764</b>	<b>2,496,351</b>
<b>NET POSITION</b>						
Net investment in capital assets	(422,782)	(1,730,100)	(4,699,153)	-	2,176,507	(4,675,528)
Restricted for:						
Emergency reserve - TABOR	91,000	165,000	284,500	173,000	894,700	1,608,200
Repairs and replacement	-	226,875	-	-	-	226,875
Debt service	90,995	656,091	2,554,996	-	-	3,302,082
Unrestricted	(1,723,450)	1,815,825	(4,495,983)	(4,158,562)	(19,811,534)	(28,373,704)
<b>Total net position</b>	<b>\$ (1,964,237)</b>	<b>\$ 1,133,691</b>	<b>\$ (6,355,640)</b>	<b>\$ (3,985,562)</b>	<b>\$ (16,740,327)</b>	<b>\$ (27,912,075)</b>

The accompanying notes are an integral part of these financial statements.

**EL PASO COUNTY SCHOOL DISTRICT 49  
COMPONENT UNITS  
COMBINING STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

	Pikes Peak School of Expeditionary Learning	Banning Lewis Ranch Academy	Rocky Mountain Classical Academy	The Imagine Classical Academy	GOAL Academy	Total
<b>EXPENSES</b>						
Instruction	\$ 1,799,609	\$ 2,599,865	\$ 4,337,031	\$ 2,795,166	\$ 13,701,001	\$ 25,232,672
Supporting services	591,447	2,743,921	4,807,246	3,574,342	11,401,752	23,118,708
Interest and fiscal charges	667,818	565,455	2,680,819	-	-	3,914,092
Total expenses	<u>3,058,874</u>	<u>5,909,241</u>	<u>11,825,096</u>	<u>6,369,508</u>	<u>25,102,753</u>	<u>52,265,472</u>
<b>PROGRAM REVENUES</b>						
Charges for services	148,603	83,039	2,711,730	411,316	-	3,354,688
Operating grants and contributions	16,306	36,218	169,164	80,635	1,513,552	1,815,875
Capital grants and contributions	-	185,493	315,437	195,643	837	697,410
Total program revenues	<u>164,909</u>	<u>304,750</u>	<u>3,196,331</u>	<u>687,594</u>	<u>1,514,389</u>	<u>5,867,973</u>
Net expense (revenue)	<u>(2,893,965)</u>	<u>(5,604,491)</u>	<u>(8,628,765)</u>	<u>(5,681,914)</u>	<u>(23,588,364)</u>	<u>(46,397,499)</u>
<b>GENERAL REVENUES</b>						
Property Tax	-	90,907	-	-	-	90,907
Per pupil operating revenue	2,799,013	5,099,426	8,794,869	5,333,635	28,888,410	50,915,353
Investment earnings	4,275	2,483	74,973	-	-	81,731
Miscellaneous	173,037	597,149	118,690	12,796	157,680	1,059,352
Total general revenues	<u>2,976,325</u>	<u>5,789,965</u>	<u>8,988,532</u>	<u>5,346,431</u>	<u>29,046,090</u>	<u>52,147,343</u>
Change in net position	82,360	185,474	359,767	(335,483)	5,457,726	5,749,844
Net position - beginning, as restated	<u>(2,046,597)</u>	<u>948,217</u>	<u>(6,715,407)</u>	<u>(3,650,079)</u>	<u>(22,198,053)</u>	<u>(33,661,919)</u>
Net position - ending	<u>\$ (1,964,237)</u>	<u>\$ 1,133,691</u>	<u>\$ (6,355,640)</u>	<u>\$ (3,985,562)</u>	<u>\$ (16,740,327)</u>	<u>\$ (27,912,075)</u>

The accompanying notes are an integral part of these financial statements.

## **NOTES TO FINANCIAL STATEMENTS**

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of El Paso County School District 49 (the District) have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

*A. DESCRIPTION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

*B. REPORTING ENTITY*

El Paso County School District 49 was organized by a vote of qualified electorate during 1889, under the provisions of Colorado Law. The legislative power of the District is vested in the Board of Education, consisting of five members who are elected for staggered four-year terms. Over the years there have been 6 different name variations used for the District, including Falcon School District 49. On February 25, 2015 the Board passed a resolution that recognized that the six different names are one in the same entity. Going forward the District will use El Paso County School District 49 for reporting purposes. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Aggregate discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the district. The District has presented the following component units:

*Discretely Presented Component Units*

The Board of Education approved five charter schools for operation. Pikes Peak School of Expeditionary Learning, Banning Lewis Ranch Academy, Rocky Mountain Classical Academy, The Imagine Classical Academy, and Guided Online Academic Learning (GOAL) Academy charter schools were formed in accordance with state statute as District charter schools. The charter schools are deemed to be fiscally dependent on the District since the District provides the majority of support to each charter school in the form of per pupil revenue. In addition, the nature and significance of the charter schools' relationship with the District is such that exclusion would cause the District's financial statements to be incomplete.

The amount of per pupil revenue allotted to each charter school during the year ended June 30, 2016 is as follows:

<u>Charter School</u>	<u>Amount</u>
Pikes Peak School of Expeditionary Learning	\$ 2,799,138
Banning Lewis Ranch Academy	5,099,543
Rocky Mountain Classical Academy	8,797,009
The Imagine Classical Academy	5,145,335
GOAL Academy	<u>28,888,410</u>
	<u>\$ 50,729,435</u>

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*B. REPORTING ENTITY (CONTINUED)*

*Discretely Presented Component Units (continued)*

The members of each charter school's governing board are appointed separately from the District. These charter schools have been deemed to be separate legal entities based on the formation of the schools in accordance with state statutes. Separately issued financial statements for the charter schools may be obtained by writing to the following:

Pikes Peak School of Expeditionary Learning  
11925 Antlers Ridge Drive  
Falcon, Colorado 80831

Banning Lewis Ranch Academy  
7094 Cottonwood Tree Drive  
Colorado Springs, Colorado 80927

Rocky Mountain Classical Academy  
4620 Antelope Ridge Drive  
Colorado Springs, CO 80922

The Imagine Classical Academy  
6464 Peterson Road  
Colorado Springs, CO 80923

GOAL Academy  
107 W. 11<sup>th</sup> Street  
Pueblo, CO 80204

*C. BASIS OF PRESENTATION—GOVERNMENT-WIDE FINANCIAL STATEMENTS*

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The statement of activities demonstrates the degree to which direct expenses of given functions or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*D. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS*

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained by the District is consistent with legal and managerial requirements.

The emphasis of fund financial statements is on major governmental and enterprise funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

The District reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Bond Redemption Fund* is used to account for the accumulation of resources for and the payment of principal, interest, and related expenses on long-term general obligation debt.

Additionally, the District reports the following fund types:

*Special Revenue Funds* account for revenue sources that are legally restricted to expenditure for specific purposes (not including major capital projects).

The *Food Service Fund* accounts for the District's food service program. This fund is required to account for USDA school breakfast and lunch money received by the District.

The *Governmental Designated-Purpose Grants Fund* is used to record financial transactions for grants received for designated programs funded by federal, state or local governments.

The *Pupil Activity Fund* is used to account for the revenues and expenditures related to school sponsored student intrascholastic and interscholastic athletic and other related activities.

The *Transportation Fund* is used to account for revenues from a tax levied or a fee imposed for the purpose of paying excess transportation costs.

The *Kids Corner Fund* is used to account for revenues and expenditures related to the before and after school care program for students that attend the Sand Creek Zone.

The *Capital Projects Fund* is used to account for the purposes of acquisition of sites, buildings, equipment, and vehicles.

*Internal Service Funds* account for operations that provide services to other departments or agencies of the government on a cost-reimbursement basis.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*D. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS (CONTINUED)*

*Fiduciary Funds* account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

*E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING*

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are *measurable* when the amount of the transaction can be determined and are considered to be *available* when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING*

Those revenues susceptible to accrual are property taxes, and interest associated with the current fiscal year. Specific ownership taxes collected and held by the county at year-end on behalf of the District are also recognized as revenue. Other revenues, such as transportation, vocational and special education, are not susceptible to accrual because, generally, they are not measurable until received in cash. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

*F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE*

*Cash and cash equivalents*

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash account is available to meet current operating requirements. Surplus or temporary surplus money in each separate fund may be invested, but no mixing between funds is allowed. Cash and cash equivalents include cash on hand and in the bank and short-term investments with original maturities of three months or less from the date of acquisition.

*Restricted cash and cash equivalents*

The use of certain cash and cash equivalents of the District may be restricted. These cash items are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their use is limited by debt agreements.

*Investments*

Investments are stated at fair value.

*Accounts receivable*

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

*Inventories and prepaid items*

Inventory is valued at the lower of cost or market using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)*

*Inventories and prepaid items (continued)*

In the Food Service Fund, commodity inventories are stated at USDA's assigned values, which approximate fair value at the date of receipt. Expenses for food items are recorded when used. The federal government donates surplus commodities to supplement the national school lunch programs.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

*Capital Assets*

Capital assets, which include land, buildings and improvements, equipment, and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. The capitalization threshold is \$5,000 in all funds. Donated capital assets are valued at their estimated fair market value on the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed. The District does not capitalize interest on the construction of capital assets in governmental funds. However, the District does capitalize interest on the construction of capital assets in proprietary funds.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized. Improvements are capitalized and are depreciated over the remaining useful lives of the related capital assets, as applicable.

Buildings, building improvements, and equipment of the government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Equipment – office	10
Equipment – technology	5
Equipment – vehicles	10

Depreciation of all capital assets is charged as an expense against operations in the government-wide and proprietary fund financial statements.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)*

*Pensions*

El Paso County School District 49 participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*Deferred outflows/inflows of resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

*Long-term liabilities*

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

*Net position flow assumption*

The District may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)*

*Fund balance flow assumption*

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

*Fund balance classification*

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available to be used in the governmental fund financial statements are as follows:

**Nonspendable** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

**Restricted** – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed** – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

**Assigned** – This classification includes amounts that are constrained by the School's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

**Unassigned** – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*G. REVENUES AND EXPENDITURES/EXPENSES*

*Program revenues*

Amounts reported as *program revenues* include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as programs revenues. Likewise, general revenues include all taxes.

*Property Taxes*

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on December 31 and are payable in full by April 30, or are payable in two equal installments due February 28 and June 15. The county treasurer bills and collects the District's property tax. District property tax revenues are recognized when levied to the extent they result in current receivables.

The District is permitted to levy taxes on the assessed valuation for general governmental services and for the payment of principal and interest on long-term debt. The tax rate for the year ended December 31, 2016 is 34.476 mills for general operating expenses and 10.159 mills for the payment of long-term debt. The District's assessed valuation for the collection year 2016 is \$751,972,470.

*Specific Ownership Taxes*

Specific ownership taxes are collected by the county treasurer for motor vehicle and other personal property registered in the District's assessment area. The tax receipts collected by the county treasurer are remitted to the District in the subsequent month. Specific ownership taxes are recorded as revenue when collected by the county.

*Compensated Absences*

*Sick Leave Payable:* Employees accrue 10-12 days of sick leave each year dependent upon their contract basis. Sick leave may be accumulated up to a maximum of 120 days. An employee will be reimbursed one-half of the current substitute rate or one-half of his/her base daily pay per classification of any unused sick leave days beyond the 120 days annually.

Upon retirement (15 years of more in the District or eligible for PERA retirement with at least 5 years of services in the District) an employee will be reimbursed at the current substitute rate of pay for their classification, up to a maximum of 120 days.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*G. REVENUES AND EXPENDITURES/EXPENSES (CONTINUED)*

*Compensated Absences (continued)*

Vacation Payable: Under the District's policies certain employees earn vacation pay of 10-20 days, based on longevity of service. All unused/accrued vacation is vested at June 30, each year.

Personal Leave: A teacher or an employee who works 30 hours or more per week may be absent for two days per year for the purpose of personal leave. Personal days which are not used during the school year may be added to the employee's sick leave days or be reimbursed at the current substitute rate of pay.

The compensated absences balance is reported in the government-wide financial statements. For the governmental fund financial statements, the recognition of this liability is limited to the amount expected to be paid using expendable available resources.

*Proprietary Funds Operating and Non-operating Revenues and Expenses*

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges for services. Operating expenses for enterprise funds include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

*H. ESTIMATES*

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position:

The governmental funds balance sheet includes reconciliation between *total fund balances—governmental funds* and *total net position—governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund financial statements”. The details of this difference are as follows:

Non-depreciable assets	\$ 16,651,534
Net depreciable assets	<u>130,561,464</u>
Net adjustment to <i>total fund balances—governmental funds</i> to arrive at <i>total net position—governmental activities</i>	<u>\$ 147,212,998</u>

Another element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and, therefore, are not included in the fund financial statements.” The details of this difference are as follows:

Bonds payable	\$ (12,305,000)
Unamortized bond premium	(41,754)
Certificates of Participation	(68,345,000)
COP Premium	(6,019,165)
Capital Lease Obligations	(4,049,924)
Compensated Absences	<u>(962,020)</u>
Net adjustment to <i>total fund balances—governmental funds</i> to arrive at <i>net position—governmental activities</i>	<u>\$ (91,722,863)</u>

Explanation of certain differences between the governmental funds statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities:

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances—governmental funds* and *change in net position—governmental activities* as reported in the government-wide statement of activities. One element of the reconciliation states that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense”. The details of this difference are as follows:

Depreciation	\$ (7,153,962)
Capital outlays	<u>2,127,080</u>
Net adjustment to <i>net change in fund balances—governmental funds</i> to arrive at <i>change in net position—governmental activities</i>	<u>\$ (5,026,882)</u>

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS  
(CONTINUED)**

Another element of the reconciliation states that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities”. The details of this difference are as follows:

Payment to refunded bond escrow agent	\$ 19,472,793
Bond proceeds	(8,780,000)
General obligation bonds principal payments	4,155,000
Certificates of participation principal payments	2,230,000
Capital Lease principal payments	471,505
Amortization of deferred on refunding	(985,416)
Accretion of bond and COP premiums	412,180
Interest paid by refunding proceeds	<u>(403,361)</u>
 Net adjustment to <i>net change in fund balances—governmental funds</i> to arrive at <i>change in net position—governmental activities</i>	 <u>\$ 16,572,701</u>

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*Budgetary Information*

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, management submits to the Board of Education, a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public notices are released to obtain taxpayers comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. The Chief Education Officer is authorized to transfer budgeted amounts between categories within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP), except for proprietary funds which are budgeted on the cash basis. Budgeted amounts in this report are as originally adopted or amended.
7. All original and supplemental appropriations for all funds lapse at the end of the fiscal year.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 4 – DEPOSITS AND INVESTMENTS**

At June 30, 2016, the District had the following cash and investments:

Cash on Hand	\$ 500
Deposits	1,821,855
Investments	<u>42,374,170</u>
	<u>\$ 44,196,525</u>

Cash and investments are reported in the financial statements as follows:

Cash and Cash Equivalents	\$ 26,932,423
Restricted Cash and Cash Equivalents	16,399,950
Fiduciary Funds	<u>864,152</u>
	<u>\$ 44,196,525</u>

*Cash deposits with financial institutions*

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The carrying amount of the District's deposits at June 30, 2016 was \$1,821,855 and the bank balances were \$2,477,954. Of the bank balances, \$1,250,000 was covered by federal deposit insurance and the balance was uninsured but collateralized in accordance with the provisions of the PDPA.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)**

*Investments*

The District is authorized by Colorado statutes to invest in the following:

- ◆ Obligations of the United States and certain U.S. government agencies' securities;
- ◆ Certain international agencies' securities;
- ◆ General obligation and revenue bonds of U.S. local government entities;
- ◆ Bankers' acceptances of certain banks;
- ◆ Certain commercial paper;
- ◆ Local government investment pools;
- ◆ Written repurchase agreements collateralized by certain authorized securities;
- ◆ Certain money market fund;
- ◆ Guaranteed investment contracts.

At June 30, 2016 the District's investment balances were as follows:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
Local Government Investment Pool (COLOTRUST)	Less than 60 days	\$ 32,933,412
Fidelity Investments Government Portfolio Fund	Less than 60 days	1,918,207
JP Morgan US Govt Money Market	Less than 60 days	7,120,607
Commercial Paper	Less than 60 days	<u>401,944</u>
		<u>\$ 42,374,170</u>

*Interest Rate Risk:* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or deposit. State law and District investment policy limit investment maturities to five years or less as a means of management exposure to fair value loss resulting from increasing interest rates. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to interest rate risk. However, almost all investments of the District have maturities less than six months. As such, due to the short-term nature of the District's investments, interest rate risk is minimized.

*Credit Risk:* Credit risk involves the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments to those described above. The District does not have a formal investment policy that would further limit its investment choices. As of June 30, 2016 all of the District's investments in COLOTRUST and money markets were rated AAAM by Standard & Poor's, the corporate discount notes were rated A1 by Standard & Poor's, and the other investments were not rated.

The District has invested in the Colorado Government Liquid Asset Trust (COLOTRUST). COLOTRUST is an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. This investment vehicle operates similarly to money market funds and each share is equal in value to \$1.00. The fair value of the position in the pool is the same as the value of the pool shares.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)**

The designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian’s internal records identify the investments owned by COLOTRUST. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury Notes. However, the District does not categorize investments with COLOTRUST because they are not evidenced by securities that exist in physical or book entry form.

*Restricted cash and investments*

Cash and investments of \$16,399,951 representing reserves for debt service of \$7,894,716 in the Bond Redemption fund, and mill levy override funds of \$8,460,734, and other reserves of \$44,501 have been restricted for pre-school activities in the General fund.

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

*Receivables and Payables*

Interfund receivables and payables are created in conjunction with the District’s pooled cash and investment portfolios. Balances are routinely cleared as a matter of practice.

The composition of interfund balances at June 30, 2016 is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 100,397	\$ 4,134,353
Bond Redemption Fund	-	65,751
Food Service Fund	997,221	-
Governmental Designated Purpose Grants Fund	287,836	-
Pupil Activity Fund	1,151,937	-
Transportation Fund	-	30,977
Kids Corner Fund	-	3,669
Capital Projects Fund	248,168	-
Risk Management – Health Insurance Fund	<u>1,449,191</u>	<u>-</u>
	<u>\$ 4,234,750</u>	<u>\$ 4,234,750</u>

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)**

*Interfund transfers*

Interfund transfer activity for the year ended June 30, 2016 is as follows:

	<u>Transfers From Other Funds</u>	<u>Transfers To Other Funds</u>
General Fund	\$ -	\$ 420,844
Pupil Activity Fund	125,191	-
Transportation Fund	<u>295,653</u>	<u>-</u>
	<u>\$ 420,844</u>	<u>\$ 420,844</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (3) move capital assets from one fund to another fund when the fund using the capital assets changes.

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Balance 06/30/15</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 06/30/16</u>
<u>Governmental activities</u>				
Capital assets not being depreciated:				
Land	\$ 15,765,500	\$ -	\$ -	\$ 15,765,500
Construction in progress	<u>566,067</u>	<u>377,517</u>	<u>(57,550)</u>	<u>886,034</u>
Total capital assets not being depreciated	<u>16,331,567</u>	<u>377,517</u>	<u>(57,550)</u>	<u>16,651,534</u>
Capital assets being depreciated:				
Buildings and improvements	196,929,734	794,412	-	197,724,146
Equipment	<u>20,029,768</u>	<u>1,012,701</u>	<u>-</u>	<u>21,042,469</u>
Total capital assets being depreciated	<u>216,959,502</u>	<u>1,807,113</u>	<u>-</u>	<u>218,766,615</u>
Less accumulated depreciation for:				
Buildings and improvements	(64,183,206)	(6,033,804)	-	(70,217,010)
Equipment	<u>(16,867,983)</u>	<u>(1,120,158)</u>	<u>-</u>	<u>(17,988,141)</u>
Total accumulated depreciation	<u>(81,051,189)</u>	<u>(7,153,962)</u>	<u>-</u>	<u>(88,205,151)</u>
Total capital assets being depreciated, net	<u>135,908,313</u>	<u>(5,346,849)</u>	<u>-</u>	<u>130,561,464</u>
Governmental activities capital assets, net	<u>\$ 152,239,880</u>	<u>\$ (4,969,332)</u>	<u>\$ (57,550)</u>	<u>\$ 147,212,998</u>

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 6 - CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions/programs of the primary government as follows:

*Governmental Activities*

Instruction	\$ 6,249,025
General Administration	497,986
Operation and Maintenance	47,804
Student Transportation	337,658
Central Services	<u>21,489</u>
	<u>\$ 7,153,962</u>

**NOTE 7 – ACCRUED SALARIES AND BENEFITS**

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately ten months. The salaries and benefits earned, but unpaid, as of June 20, 2016, are \$9,922,342. Accordingly, the accrued compensation is reflected as a liability in the accompanying Government-Wide Statement of Net Position.

**NOTE 8 - LONG-TERM LIABILITIES**

*General Obligation Bonds*

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. All general obligation bonds have been issued for governmental activities.

General Obligation bonds payable at June 30, 2016 are as follows:

	<u>Principal Balance</u>
\$12,675,000 of general obligation refunding bonds series 2006B; interest due semi-annually with rates ranging from 4.0% to 5.0%, principal due annually through 2017 in payments of \$1,195,000 to \$1,820,000. Proceeds were used to advance refund a portion of 1999A series bonds.	\$ 1,675,000
\$23,315,000 of general obligation refunding bonds series 2006; interest due semi-annually with rates ranging from 3.55% to 5.0%, principal due annually through 2017 in payments of \$1,800,000 to \$2,855,000. Proceeds were used to advance refund a portion of 2002 series bonds.	2,250,000
\$8,780,000 of general obligation refunding bonds series 2015; interest due semi-annually with rates ranging from 0.655% to 1.308%; principal due annually through 2018 in payments of \$400,000 to \$4,960,000. Proceeds were used to advance refund a portion of 2006 and 2006B series bonds.	<u>8,380,000</u>
	<u>\$ 12,305,000</u>

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)**

Annual debt service requirements to maturity for general obligation bonds are as follows:

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2017	\$ 7,345,000	\$ 175,172
2018	4,960,000	32,438
Total	\$ 12,305,000	\$ 207,610

*Legal Debt Margin*

Assessed valuation	\$ 751,972,470
Debt limit – 20% of assessed valuation	150,394,494
General obligation debt	12,305,000
	\$ 138,089,494

*Certificates of Participation*

In February 2015, the District issued \$70,575,000 in Refunding Certificates of Participation, Series 2015. Principal payments are due annually on December 15 and interest payments are due on June 15 and December 15, through December 2039. Interest accrues at rates ranging from 2.00% to 5.00%. Proceeds of the Certificates were used to advance refund Certificates of Participation, Series 2006 and 2007A.

Future debt service requirements of the Certificates of Participation are as follows:

Fiscal Year Ending June 30	Principal	Interest
2017	\$ 1,705,000	\$ 2,878,287
2018	1,740,000	2,826,438
2019	1,810,000	2,755,437
2020	1,880,000	2,672,238
2021	1,975,000	2,575,862
2022-2026	11,165,000	11,590,375
2027-2031	14,100,000	8,574,813
2032-2036	17,495,000	5,150,006
2037-2040	16,475,000	1,567,488
Total	\$ 68,345,000	\$ 40,590,944

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)**

*Advance Refunding*

The District issued \$8,780,000 in Refunding Bonds, Series 2015 with interest rates ranging from .655% to 1.308%. The proceeds plus \$11,000,000 of existing cash reserves were used to advance refund \$13,909,532 of outstanding 2006 Bonds which had interest rates ranging from 3.55% to 5.0%, \$3,789,947 of outstanding 2006B Bonds which had interest rates ranging from 4.0% to 5.0%, and \$1,773,314 of outstanding 2013 Bonds which had interest rates ranging from 2.0% to 4.0%. The net proceeds of \$19,780,000 (including \$11,000,000 funds on hand, and after payment of \$307,207 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded Bonds. As a result, the 2006, 2006B and 2013 Bonds are considered defeased and the liability for those Bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,284,334. This amount is being amortized over the remaining life of the refunding debt. The government advance refunded the 2006, 2006B, and 2013 Bonds to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,148,803.

*Prior Year Defeasance of Debt*

In prior years, the District has defeased various bond and certificate of participation issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the District's government-wide financial statements. As of June 30, 2016, the amount of defeased debt outstanding amounted to \$115,070,000.

*Capital Leases*

The District has entered into capital lease agreements to purchase property, portable buildings, and equipment. The lease terms range from five to fifteen years with annual interest rates from 4.0% to 8.5%. Capital assets of \$13,115,955 have been capitalized under these leases.

Assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Buildings and improvements	\$ 11,649,071
Equipment	1,466,884
Less: Accumulated depreciation	<u>(6,218,827)</u>
Total	<u>\$ 6,897,128</u>

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)**

*Capital Leases (Continued)*

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016, were as follows

<u>Year Ending June 30</u>	
2017	\$ 443,834
2018	443,834
2019	443,834
2020	443,834
2021	443,834
2022 – 2026	2,219,170
2027 – 2030	<u>1,266,876</u>
Total minimum lease payments	5,705,216
Less: amount representing interest	<u>(1,655,292)</u>
Present value of minimum lease payments	<u>\$ 4,049,924</u>

*Changes in Long-Term Liabilities*

The following is a summary of long-term liabilities of the District for the year ended June 30, 2016:

	<u>Balance</u> <u>06/30/15</u>	<u>Debt Issued</u> <u>And Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/16</u>	<u>Due Within</u> <u>One year</u>
<i>Governmental Activities</i>					
General obligation bonds	\$ 26,020,000	\$ 8,780,000	\$ 22,495,000	\$ 12,305,000	\$ 7,345,000
Bond premiums	<u>672,351</u>	<u>-</u>	<u>630,597</u>	<u>41,754</u>	<u>-</u>
Total bonds payable	26,692,351	8,780,000	23,125,597	12,346,754	7,345,000
Certificates of participation	70,575,000	-	2,230,000	68,345,000	1,705,000
COP premium	6,269,965	-	250,800	6,019,165	-
Capital lease obligations	4,521,429	-	471,505	4,049,924	223,633
Compensated absences	<u>975,415</u>	<u>1,825,831</u>	<u>1,699,658</u>	<u>1,101,588</u>	<u>139,568</u>
<i>Total Governmental Activities</i>	<u>\$ 109,034,160</u>	<u>\$ 10,605,831</u>	<u>\$ 27,777,560</u>	<u>\$ 91,862,431</u>	<u>\$ 9,413,201</u>

Payments on the general obligation bonds are made by the Bond Redemption fund with property taxes. Certificates of participation and capital lease obligations are serviced by the General fund. The compensated absences liabilities are paid by the fund for which the employee worked.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 9 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God. The District accounts for and finances its risk activities in the General and Health Insurance Internal Service Funds.

The District purchases commercial insurance for property, liability and worker's compensation risks of loss. Under the District's employee health plan, the District provides coverage for up to a maximum of \$250,000 per employee for each calendar year. Settlements have not exceeded premiums for each of the past three fiscal years.

Claims liabilities are reported in the government-wide financial statements and the internal service fund if information available prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the claims liability for the year ended June 30, 2016 are as follows:

Net claims payable as of 6/30/2015	\$ 446,873
Claims presented	7,135,897
Claims paid	<u>(7,063,300)</u>
Net claims payable as of 6/30/2016	<u>\$ 519,470</u>

**NOTE 10 – JOINTLY GOVERNED ORGANIZATION**

*COLORADO DIGITAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES*

The District in conjunction with other surrounding districts created the Colorado Digital Board of Cooperative Educational Services (BOCES). The BOCES is an organization that utilizes research based learning and technology applications to provide an innovative model of public school education adapted to the needs of elementary, middle and high school students throughout the State of Colorado. The District does not have an ongoing financial interest in or responsibility for the BOCES. Financial statements for the BOCES can be obtained from their office at 4035 Tutt Blvd, Colorado Springs, 80922.

**NOTE 11 - DEFINED BENEFIT PENSION PLAN**

*General Information about the Pension Plan*

*Plan description.* Eligible employees of the El Paso County School District 49 are provided with pensions through the School Division Trust Fund (SCHDTF) – a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

*Benefits provided.* PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. §24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

*Contributions.* Eligible employees and El Paso County School District 49 are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. §24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	For the Year Ended December 31, 2015	For the Year Ended December 31, 2016
Employer Contribution Rate	10.15%	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. §24-51-208(1)(f)	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. §24-51-411	4.20%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. §24-51-411	4.00%	4.50%
Total Employer Contribution Rate to the SCHDTF	17.33%	18.13%

Rates are expressed as a percentage of salary as defined in C.R.S. §24-51-101(42)

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the El Paso County School District 49 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from El Paso County School District 49 were \$10,567,570 for the year ended June 30, 2016.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2016, the El Paso County School District 49 reported a liability of \$201,734,357 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The El Paso County School District 49 proportion of the net pension liability was based on El Paso County School District 49 contributions to the SCHDTF for the calendar year 2015 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, the El Paso County School District 49's proportion was 1.3190171248 percent, which was an increase of 0.0135199159 percent from its proportion measured as of December 31, 2014.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

For the year ended June 30, 2016, the El Paso County School District 49 recognized pension expense of \$21,131,544. At June 30, 2016, the El Paso County School District 49 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 2,663,927	\$ 8,402
Changes of assumptions or other inputs	-	2,850,858
Net difference between projected and actual earnings on pension plan investments	17,153,079	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,493,820	191,077
Contributions subsequent to the measurement date	5,495,909	-
<b>Total</b>	<b>\$ 27,806,735</b>	<b>\$ 3,050,337</b>

\$5,495,909 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ 5,549,916
2018	\$ 5,375,974
2019	\$ 4,817,149
2020	\$ 3,517,450

*Actuarial assumptions.* The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 10.10 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; And DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06; (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation as follows:

- The following programming changes were made:
  - Valuation of the full survivor benefit without any reduction for possible remarriage.
  - Reflection of the employer match on separation benefits for all eligible years.
  - Reflection of one year of service eligibility for survivor annuity benefit.
  - Refinement of the 18 month annual increase timing.
  - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
  
- The following methodology changes were made:
  - Recognition of merit salary increases in the first projection year.
  - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
  - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
  - Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

The SCHDTF's long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

As of the November 15, 2013 adoption of the long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>10 Year Expected Geometric Real Rate of Return</b>
U.S. Equity – Large Cap	26.76%	5.00%
U.S. Equity – Small Cap	4.40%	5.19%
Non U.S. Equity – Developed	22.06%	5.29%
Non U.S. Equity – Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	100.00%	

\*In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50%.

*Discount rate.* The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan’s fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan’s fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above actuarial cost method and assumptions, the SCHDTF’s fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

*Sensitivity of the El Paso County School District 49 proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	\$261,506,686	\$201,734,357	\$152,014,930

*Pension plan fiduciary net position.* Detailed information about the SCHDTF’s fiduciary net position is available in PERA’s comprehensive annual financial report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**NOTE 12 – POST-EMPLOYMENT HEALTHCARE BENEFITS**

*Health Care Trust Fund*

*Plan description.* The El Paso County School District 49 contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 12 – POST-EMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)**

*Funding policy.* The El Paso County School District 49 is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the El Paso County School District 49 are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2016, 2015, and 2014 the El Paso County School District 49 contributions to the HCTF were \$609,948, \$565,956, and \$543,706 respectively, equal to their required contributions for each year.

**NOTE 13 – FORWARD AND DELIVERY INVESTMENT AGREEMENT**

In December 2002, the District’s General fund received payment of \$1,240,000 pursuant to a forward delivery agreement. In exchange for this amount, the District agreed to make payments into a bank trust account (Bank One Trust Company) from its Debt Service Fund revenue for subsequent purchases of investment securities from a third party (JP Morgan Chase Bank). The securities mature at such times as are required for meeting the District’s debt service payment obligations over the fourteen-year contract period. Should the District terminate the agreement, it would be obligated to repay a portion of the \$1,240,000 received to compensate for loss of economic benefits based on market conditions existent at the time the agreement is dissolved.

The amount received under this agreement is being amortized over the term of the agreement for GAAP purposes, rather than in full in the fiscal year ended June 30, 2003, with the unamortized balance reflected as unearned revenue. The following GAAP-basis schedule shows the amounts of revenue recognized and the remaining balance treated as unearned revenue as of and for the year ended June 30, 2016:

	<u>Revenue Recognized</u>	<u>Unearned Revenue</u>
Fiscal Year Ending June 30, 2016	<u>\$ 88,571</u>	<u>\$ -</u>

**NOTE 14 – COMMITMENTS AND CONTINGENCIES**

*Grants*

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. District management believes disallowances, if any, will be immaterial.

*Legal*

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District’s counsel the resolution of these matters will not have a material adverse effect on the financial condition of the District.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 15 - TAX, SPENDING, AND DEBT LIMITATIONS**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments.

The District's financial activity provides the basis for calculation of limitations adjusted for allowable increases tied to inflation and local growth.

The amendment excludes Enterprises from its provisions. Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of its annual revenue in grants from all state and local governments combined, are excluded from the provisions of the Amendment.

Fiscal year spending and revenue limits are determined based on the prior years' spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

The Amendment requires, with certain exceptions, voter approval prior to imposing new taxes, increasing tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

On November 7, 2001, the registered voters approved a ballot resolution authorizing the District to collect, retain and expend all revenues from any source provided that no property tax mill levy be increased or any new tax be imposed.

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, the Amendment specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or irrevocable pledging present cash reserves for all future payments.

The Amendment requires Emergency Reserves to be established. These reserves must be 3 percent of Fiscal Year Spending. The District is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases. As of June 30, 2016 the District reserved \$3,320,000 in the General Fund for this purpose.

The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 16 – PRIOR PERIOD ADJUSTMENTS**

During the year, it was determined that pension contributions subsequent to the measurement date and other pension outflows and inflows totaling \$2,533,310 were not included in the statement of net position.

During the year, it was determined that when the Pupil Activity (special revenue) fund was split from the Pupil Activity (agency fund), equity was not correctly apportioned between the two funds.

The above restatements had the following impact on previously reported balances:

Statement of Activities	Governmental Activities
Net position, July 1, 2015, as previously stated	\$ (77,281,819)
Restatement for net pension liability	2,533,310
Restatement for Pupil Activity Fund	<u>(810,370)</u>
Net position, July 1, 2015, as restated	<u>\$ (75,558,879)</u>
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	Amount
Fund balances, July 1, 2015, as previously stated	\$ 39,031,196
Restatement for Pupil Activity Fund	<u>(810,370)</u>
Fund balances, July 1, 2015, as restated	<u>\$ 38,220,826</u>

**NOTE 16 – SUBSEQUENT EVENT**

On November 8, 2016, registered voters of the District approved a ballot resolution authorizing the District to collect up to \$3,300,000 in property taxes in 2017 and such additional amounts generated annually thereafter by continuing to collect such 10.159 mills to be used for General Fund purposes including rental payments on lease-purchase financings and for other capital improvements and operational priorities.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY AND COVERED PAYROLL**  
**JUNE 30, 2016**

	<u>2013</u>	<u>2014</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	1.2885339442%	1.3054972089%	1.3190171248%
District's proportionate share of the net pension liability (asset)	\$ 164,352,157	\$ 176,938,723	\$ 201,734,357
District's covered-employee payroll	\$ 51,944,906	\$ 54,690,968	\$ 57,482,464
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	316.40%	323.52%	350.95%
Plan fiduciary net position as a percentage of the total pension liability	64.1%	62.8%	59.2%

\* The amounts presented for each fiscal year were determined as of 12/31.

\* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**SCHEDULE OF EMPLOYER'S STATUTORY PAYROLL CONTRIBUTIONS AND COVERED PAYROLL**  
**JUNE 30, 2016**

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$ 8,067,044	\$ 8,985,726	\$ 9,961,711
Contributions in relation to the contractually required contribution	<u>(8,067,044)</u>	<u>(8,985,726)</u>	<u>(9,961,711)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 51,944,906	\$ 54,690,968	\$ 57,482,464
Contributions as a percentage of covered-employee payroll	15.53%	16.43%	17.33%

\* The amounts presented for each fiscal year were determined as of 12/31.

\* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>REVENUES</b>				
Property taxes	\$ 24,018,105	\$ 25,068,472	\$ 25,855,310	\$ 786,838
Specific ownership taxes	3,311,325	3,122,730	3,676,411	553,681
State sources	73,769,802	72,821,581	72,949,704	128,123
Federal sources	1,067,940	1,067,940	476,349	(591,591)
Other local revenue	2,814,329	2,914,330	4,425,911	1,511,581
Total revenues	<u>104,981,501</u>	<u>104,995,053</u>	<u>107,383,685</u>	<u>2,388,632</u>
<b>EXPENDITURES</b>				
Instruction	54,846,710	55,974,296	57,972,601	(1,998,305)
Supporting services				
Student support	5,867,718	6,156,058	6,285,407	(129,349)
Instructional staff	4,211,394	4,574,349	4,425,473	148,876
General administration	1,128,964	1,138,346	790,075	348,271
School administration	8,272,756	8,589,755	9,216,875	(627,120)
Business services	1,431,849	1,352,547	1,348,998	3,549
Operations and maintenance	9,084,929	9,436,783	10,088,134	(651,351)
Student transportation	2,202,078	2,165,157	2,499,002	(333,845)
Central support service	4,485,981	4,674,067	6,036,033	(1,361,966)
Other support services	1,676,791	1,846,543	1,330	1,845,213
Community services	-	-	1,846	(1,846)
Facilities acquisition & construction	3,670,518	4,894,394	2,292,721	2,601,673
Debt service	7,400,487	10,593,565	6,139,829	4,453,736
Contingency reserves	701,326	(451,444)	-	(451,444)
Total expenditures	<u>104,981,501</u>	<u>110,944,416</u>	<u>107,098,324</u>	<u>3,846,092</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(5,949,363)</u>	<u>285,361</u>	<u>6,234,724</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out)	-	-	(420,844)	(420,844)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(420,844)</u>	<u>(420,844)</u>
Net change in fund balance	<u>-</u>	<u>(5,949,363)</u>	<u>(135,483)</u>	<u>5,813,880</u>
Fund balance - beginning	5,376,542	9,116,195	20,900,004	11,783,809
Fund balance - ending	<u>\$ 5,376,542</u>	<u>\$ 3,166,832</u>	<u>\$ 20,764,521</u>	<u>\$ 17,597,689</u>

See the accompanying independent auditors' report.

**COMBINING AND INDIVIDUAL FUND FINANCIAL  
STATEMENTS AND SCHEDULES**

## **BOND REDEMPTION FUND**

This fund is used to account for the accumulation of resources for and the payment of principal, interest, and related expenses on long-term general obligation debt or long-term voter-approved lease-purchase debt.

The Bond Redemption Fund is deemed to be a major fund for financial reporting purposes.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**BOND REDEMPTION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Property taxes	\$ 7,639,288	\$ 7,608,090	\$ (31,198)
Interest	18,000	(920)	(18,920)
Total revenues	<u>7,657,288</u>	<u>7,607,170</u>	<u>(50,118)</u>
<b>EXPENDITURES</b>			
Debt Service			
Principal retirement	4,155,000	4,155,000	-
Interest and fiscal charges	436,686	329,419	107,267
Other debt service	308,520	303,085	5,435
Total expenditures	<u>4,900,206</u>	<u>4,787,504</u>	<u>112,702</u>
Excess (deficiency) of revenues over expenditures	2,757,082	2,819,666	62,584
<b>OTHER FINANCING SOURCES (USES)</b>			
Refunding bond proceeds	1,206,424	8,780,000	7,573,576
Payment to refunded bond escrow agent	<u>(19,222,793)</u>	<u>(19,472,793)</u>	<u>(250,000)</u>
Total other financing sources and (uses)	<u>(18,016,369)</u>	<u>(10,692,793)</u>	<u>7,323,576</u>
Net change in fund balance	(15,259,287)	(7,873,127)	7,386,160
Fund balance - beginning	<u>15,777,891</u>	<u>15,777,891</u>	<u>-</u>
Fund balance - ending	<u>\$ 518,604</u>	<u>\$ 7,904,764</u>	<u>\$ 7,386,160</u>

See the accompanying independent auditors' report.

## **NON-MAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for specified purposes. The District has the following Special Revenue Funds:

#### *Food Service Fund*

This fund accounts for all financial activities associated with the District's school lunch program.

#### *Governmental Designated-Purpose Grant Fund*

This fund is used to record financial transactions for grants received for designated programs funded by the federal government.

#### *Pupil Activity Fund*

This fund is used to record financial transactions related to school-sponsored pupil intra-scholastic and interscholastic athletic and related events. These activities are supported by revenues from pupils, gate receipts and other fund-raising activities.

#### *Transportation Fund*

This fund is used to account for revenues from a tax levied or a fee imposed for the purpose of paying excess transportation costs pursuant to the provisions of Sections 22-40-102(1.7)(a) or 22-32-113(5)(a), C.R.S., respectively.

#### *Kids Corner Fund*

This fund is a pupil activity fund. It is used to record financial transactions related to the Kids Corner program.

### **Capital Projects Fund**

This fund is used to account for the purposes and limitations specified by Section 22-45-103(1)(c), C.R.S., including the acquisition of sites, buildings, equipment, and vehicles.

**EL PASO COUNTY SCHOOL DISTRICT 49  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	<b>Food Service Fund</b>	<b>Governmental Designated- Purpose Grants Fund</b>	<b>Pupil Activity Fund</b>	<b>Transportation Fund</b>	<b>Kids Corner Fund</b>	<b>Capital Projects Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 50,479	\$ -	\$ -	\$ 65,595	\$ 46,577	\$ 171,377	\$ 334,028
Accounts receivable	-	-	-	26,593	-	-	26,593
Grants receivable	408,689	841,616	-	-	-	-	1,250,305
Due from other funds	997,221	287,836	1,151,937	-	-	248,168	2,685,162
Inventories	183,162	-	-	-	-	-	183,162
	<u>\$ 1,639,551</u>	<u>\$ 1,129,452</u>	<u>\$ 1,151,937</u>	<u>\$ 92,188</u>	<u>\$ 46,577</u>	<u>\$ 419,545</u>	<u>\$ 4,479,250</u>
<b>LIABILITIES</b>							
Accounts payable and other accrued liabilities	\$ 156,734	\$ 259,827	\$ 8,319	\$ 763	\$ 290	\$ -	\$ 425,933
Accrued salaries and benefits	51,185	124,734	-	58,342	19,741	-	254,002
Compenstated absences	317	-	-	2,106	-	-	2,423
Payable to fiduciary funds	-	-	810,369	-	-	-	810,369
Due to other funds	-	-	-	30,977	3,669	-	34,646
Unearned revenue	-	744,891	-	-	-	-	744,891
	<u>208,236</u>	<u>1,129,452</u>	<u>818,688</u>	<u>92,188</u>	<u>23,700</u>	<u>-</u>	<u>2,272,264</u>
<b>FUND BALANCES</b>							
Nonspendable	183,162	-	-	-	-	-	183,162
Committed for:							
Capital Projects	-	-	-	-	-	419,545	419,545
Assigned:							
Food Services	1,248,153	-	-	-	-	-	1,248,153
Pupil activities	-	-	333,249	-	-	-	333,249
Kids Corner	-	-	-	-	22,877	-	22,877
	<u>1,431,315</u>	<u>-</u>	<u>333,249</u>	<u>-</u>	<u>22,877</u>	<u>419,545</u>	<u>2,206,986</u>
Total fund balances	<u>1,431,315</u>	<u>-</u>	<u>333,249</u>	<u>-</u>	<u>22,877</u>	<u>419,545</u>	<u>2,206,986</u>
Total liabilities and fund balances	<u>\$ 1,639,551</u>	<u>\$ 1,129,452</u>	<u>\$ 1,151,937</u>	<u>\$ 92,188</u>	<u>\$ 46,577</u>	<u>\$ 419,545</u>	<u>\$ 4,479,250</u>

See the accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Food Service Fund</b>	<b>Governmental Designated- Purpose Grants Fund</b>	<b>Pupil Activity Fund</b>	<b>Transportation Fund</b>	<b>Kids Corner Fund</b>	<b>Capital Projects Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>							
Local sources	\$ 1,570,844	\$ 267,759	\$ 993,078	\$ 364,619	\$ 330,443	\$ 259,525	\$ 3,786,268
State sources	64,240	-	-	515,214	-	-	579,454
Federal sources	2,003,831	4,861,359	-	-	-	-	6,865,190
Total revenues	<u>3,638,915</u>	<u>5,129,118</u>	<u>993,078</u>	<u>879,833</u>	<u>330,443</u>	<u>259,525</u>	<u>11,230,912</u>
<b>EXPENDITURES</b>							
Instruction	-	3,462,751	886,688	-	256,897	-	4,606,336
Supporting services	-	1,665,103	38,157	1,175,486	50,669	-	2,929,415
Community services	-	1,264	-	-	-	-	1,264
Food Service	3,450,686	-	-	-	-	-	3,450,686
Total expenditures	<u>3,450,686</u>	<u>5,129,118</u>	<u>924,845</u>	<u>1,175,486</u>	<u>307,566</u>	<u>-</u>	<u>10,987,701</u>
Excess (deficiency) of revenues over expenditures	<u>188,229</u>	<u>-</u>	<u>68,233</u>	<u>(295,653)</u>	<u>22,877</u>	<u>259,525</u>	<u>243,211</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in (out)	-	-	125,191	295,653	-	-	420,844
Net change in fund balances	188,229	-	193,424	-	22,877	259,525	664,055
Fund balances - beginning, as restated	<u>1,243,086</u>	<u>-</u>	<u>139,825</u>	<u>-</u>	<u>-</u>	<u>160,020</u>	<u>1,542,931</u>
Fund balances - ending	<u>\$ 1,431,315</u>	<u>\$ -</u>	<u>\$ 333,249</u>	<u>\$ -</u>	<u>\$ 22,877</u>	<u>\$ 419,545</u>	<u>\$ 2,206,986</u>

See the accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**FOOD SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Local sources	\$ 1,793,637	\$ 1,570,844	\$ (222,793)
State sources	-	64,240	64,240
Federal sources	1,665,508	2,003,831	338,323
Total revenues	<u>3,459,145</u>	<u>3,638,915</u>	<u>179,770</u>
<b>EXPENDITURES</b>			
Salaries	1,034,431	1,126,795	(92,364)
Employee benefits	366,468	337,402	29,066
Purchased services	138,384	208,037	(69,653)
Supplies	1,571,016	1,704,996	(133,980)
Equipment	780	4,690	(3,910)
Other	123,296	18,766	104,530
Indirect costs	91,395	50,000	41,395
Contingency reserve	133,375	-	133,375
Total expenditures	<u>3,459,145</u>	<u>3,450,686</u>	<u>8,459</u>
Net change in fund balances	-	188,229	188,229
Fund balances - beginning	<u>1,308,206</u>	<u>1,243,086</u>	<u>(65,120)</u>
Fund balances - ending	<u>\$ 1,308,206</u>	<u>\$ 1,431,315</u>	<u>\$ 123,109</u>

See the accompanying independent auditor's report

**EL PASO COUNTY SCHOOL DISTRICT 49  
GOVERNMENTAL DESIGNATED-PURPOSE GRANTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016**

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Local sources	\$ 239,620	\$ 267,759	\$ 28,139
Federal sources	6,360,778	4,861,359	(1,499,419)
Total revenues	<u>6,600,398</u>	<u>5,129,118</u>	<u>(1,471,280)</u>
<b>EXPENDITURES</b>			
Salaries	3,008,198	2,264,360	743,838
Benefits	1,092,505	647,620	444,885
Purchased Services	1,432,761	1,477,601	(44,840)
Supplies	489,020	393,204	95,816
Property and Equipment	332,381	306,696	25,685
Other	245,533	39,637	205,896
Total expenditures	<u>6,600,398</u>	<u>5,129,118</u>	<u>1,471,280</u>
Net change in fund balance	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying independent auditor's report

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**PUPIL ACTIVITY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Local sources	\$ 1,053,491	\$ 993,078	\$ (60,413)
Total revenues	1,053,491	993,078	(60,413)
<b>EXPENDITURES</b>			
Instruction	1,384,544	886,688	497,856
Supporting services			
Student support	43,576	27,907	15,669
Instructional staff	-	10,250	(10,250)
Total expenditures	1,428,120	924,845	503,275
Excess (deficiency) in revenues over expenditures	(374,629)	68,233	442,862
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	-	125,191	125,191
Net change in fund balance	(374,629)	193,424	568,053
Fund balance - beginning, as restated	374,629	139,825	(234,804)
Fund balance - ending	\$ -	\$ 333,249	\$ 333,249

See the accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**TRANSPORTATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Charges for services	\$ 254,500	\$ 364,380	\$ 109,880
State revenue	515,215	515,214	(1)
Interest	-	239	239
	<u>769,715</u>	<u>879,833</u>	<u>110,118</u>
<b>EXPENDITURES</b>			
Salaries	620,228	676,596	(56,368)
Employee benefits	391,714	366,224	25,490
Purchased services	6,000	193	5,807
Fuel charges	157,544	104,697	52,847
Other expenses	-	27,776	(27,776)
	<u>1,175,486</u>	<u>1,175,486</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(405,771)</u>	<u>(295,653)</u>	<u>110,118</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	<u>405,771</u>	<u>295,653</u>	<u>(110,118)</u>
Net change in fund balance	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See the accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**KIDS CORNER FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Local sources	\$ 307,688	\$ 330,443	\$ 22,755
Total revenues	307,688	330,443	22,755
<b>EXPENDITURES</b>			
Instruction	256,999	256,897	102
Supporting services			
School administration	12,532	12,527	5
Business services	2,679	2,678	1
Operations and maintenance	34,497	34,483	14
Central	981	981	0
Total expenditures	307,688	307,566	122
Excess (deficiency) in revenues over expenditures	-	22,877	22,877
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	-	-	-
Net change in fund balance	-	22,877	22,877
Fund balance - beginning	-	-	-
Fund balance - ending	\$ -	\$ 22,877	\$ 22,877

See the accompanying independent auditor's report

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Other local revenue	\$ 75,000	\$ 259,525	\$ 184,525
Total revenues	75,000	259,525	184,525
<b>EXPENDITURES</b>			
Facilities acquisition & construction	75,000	-	75,000
Total expenditures	75,000	-	75,000
Net change in fund balance	-	259,525	259,525
Fund balance - beginning	160,020	160,020	-
Fund balance - ending	\$ 160,020	\$ 419,545	\$ 259,525

See the accompanying independent auditors' report.

## **INTERNAL SERVICE FUND**

Internal service funds account for operations that provide services to other departments or agencies of the government on a cost-reimbursement basis.

### **Risk Management Fund**

This fund accounts for the Health Insurance Fund risk management activities of the District.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**RISK MANAGEMENT - HEALTH INSURANCE FUND**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>OPERATING REVENUES</b>			
Premiums & employer contributions	\$ 8,115,300	\$ 8,215,779	\$ 100,479
Refunds & other revenue	80,200	218,040	137,840
Total operating revenues	<u>8,195,500</u>	<u>8,433,819</u>	<u>238,319</u>
<b>OPERATING EXPENSES</b>			
Purchased medical services & supplies	6,375,927	7,063,931	(688,004)
Purchased management services	1,719,173	1,641,135	78,038
Contingency reserve	102,100	-	102,100
Total operating expenses	<u>8,197,200</u>	<u>8,705,066</u>	<u>(507,866)</u>
Operating income (loss)	<u>(1,700)</u>	<u>(271,247)</u>	<u>(269,547)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest and investment revenue	1,700	5,232	3,532
Total non-operating revenue (expenses)	<u>1,700</u>	<u>5,232</u>	<u>3,532</u>
Change in net position	-	(266,015)	(266,015)
Net position - beginning	<u>2,481,630</u>	<u>2,321,630</u>	<u>(160,000)</u>
Net position - ending	<u>\$ 2,481,630</u>	<u>\$ 2,055,615</u>	<u>\$ (426,015)</u>

See the accompanying independent auditors' report.

## **FIDUCIARY FUNDS**

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private and student groups. The District has the following Fiduciary Funds:

### *Private-Purpose Trust Fund*

Scholarship Fund: This fund is used to record financial transactions where both the principal and revenues earned on that principal may be expended for purposes designated by the trust agreement.

### *Agency Fund*

Pupil Activity Fund: This fund was created to act as custodian for various student groups and activity funds.

**EL PASO COUNTY SCHOOL DISTRICT 49  
PRIVATE-PURPOSE TRUST FUND - SCHOLARSHIP FUND  
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30,2016**

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>ADDITIONS</b>			
Fundraising activities	\$ 200	\$ 23	\$ (177)
Total additions	200	23	(177)
<b>DEDUCTIONS</b>			
Scholarships awarded	1,000	1,000	-
Total deductions	1,000	1,000	-
Change in net position	(800)	(977)	(177)
Net position - beginning	7,110	7,110	-
Net position - ending	<u>\$ 6,310</u>	<u>\$ 6,133</u>	<u>\$ (177)</u>

See the accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**AGENCY FUND - PUPIL ACTIVITY**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Balance 06/30/15</u>	<u>Additions/ Revenues</u>	<u>Deletions/ Expenditures</u>	<u>Balance 06/30/16</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 644,652	\$ 2,076,951	\$ 1,862,562	\$ 859,041
Receivable from primary government	<u>166,418</u>	<u>-</u>	<u>166,418</u>	<u>-</u>
Total assets	<u><u>\$ 811,070</u></u>	<u><u>\$ 2,076,951</u></u>	<u><u>\$ 2,028,980</u></u>	<u><u>\$ 859,041</u></u>
<b>LIABILITIES</b>				
Accounts payable	\$ 28,796	\$ 11,985	\$ 28,796	\$ 11,985
Payable to primary government	-	128,112	-	128,112
Due to student organizations	<u>782,274</u>	<u>1,936,854</u>	<u>2,000,184</u>	<u>718,944</u>
Total liabilities	<u><u>\$ 811,070</u></u>	<u><u>\$ 2,076,951</u></u>	<u><u>\$ 2,028,980</u></u>	<u><u>\$ 859,041</u></u>

See the accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT 49  
 AGENCY FUND - PUPIL ACTIVITY  
 SCHEDULE OF CHANGES IN DUE TO STUDENT ORGANIZATIONS  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2016**

	Final Budget	Actual	Variance Favorable/ (Unfavorable)
<b>ADDITIONS</b>			
Pupil Activities	\$ 2,446,509	\$ 1,936,854	\$ (509,655)
<b>DEDUCTIONS</b>			
Pupil Activities	3,139,247	2,000,184	1,139,063
Change in Due to Student Organizations	(692,738)	(63,330)	629,408
Due to student organizations - beginning, restated	692,738	782,274	89,536
Due to student organizations - ending	\$ -	\$ 718,944	\$ 718,944

See the accompanying independent auditors' report.

# Statistical Section



**Financial Trends** - The schedules on pages 71-78 contain financial trend information to help the reader understand how the District's financial condition has changed over time.

**Revenue Capacity** - Pages 79-83 contain information to help the reader assess the District's most significant local revenue source, property taxes.

**Debt Capacity** - Pages 84-90 present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

**Demographic and Economic Information** - Pages 91-92 offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

**Operating Information** - Pages 93-106 contain service data to help the reader understand how the information in the Districts' financial report relates to the services the District provides and the activities it performs.

EL PASO COUNTY SCHOOL DISTRICT 49  
NET POSITION BY COMPONENT  
Last Ten Fiscal Years

	2016	2015	2014	2013
<b>Governmental activities</b>				
Net investment in capital assets	\$ 62,586,945	\$ 51,041,127	\$ 37,296,989	\$ 35,029,181
Restricted	19,023,043	26,707,696	33,118,602	31,302,846
Unrestricted	<u>(163,732,245)</u>	<u>(155,030,642)</u>	<u>9,606,890</u>	<u>9,883,219</u>
 Total governmental activities net position	 <u><u>(82,122,257)</u></u>	 <u><u>(77,281,819)</u></u>	 <u><u>80,022,481</u></u>	 <u><u>76,215,246</u></u>
<b>Business-type activities</b>				
Net investment in capital assets	-	-	103,691	121,007
Unrestricted	<u>-</u>	<u>-</u>	<u>1,126,991</u>	<u>1,061,370</u>
 Total business-type activities in net position	 <u><u>-</u></u>	 <u><u>-</u></u>	 <u><u>1,230,682</u></u>	 <u><u>1,182,377</u></u>
<b>Primary government</b>				
Net investment in capital assets	62,586,945	51,041,127	37,400,680	35,150,188
Restricted	19,023,043	26,707,696	33,118,602	31,302,846
Unrestricted	<u>(163,732,245)</u>	<u>(155,030,642)</u>	<u>10,733,881</u>	<u>10,944,589</u>
 Total primary government net position	 <u><u>\$ (82,122,257)</u></u>	 <u><u>\$ (77,281,819)</u></u>	 <u><u>\$ 81,253,163</u></u>	 <u><u>\$ 77,397,623</u></u>

Source: District Financial Records

2012	2011	2010	2009	2008	2007	2006
\$ 32,761,303	\$ 30,964,957	\$ 28,864,346	\$ 29,971,517	\$ 29,439,037	\$ 9,590,013	\$ 19,921,205
29,538,781	27,481,494	26,765,444	23,249,963	20,342,432	16,671,291	15,837,549
14,306,890	11,552,181	9,402,720	9,897,606	11,542,753	14,748,236	(7,780,327)
<u>76,606,974</u>	<u>69,998,631</u>	<u>65,032,510</u>	<u>63,119,086</u>	<u>61,324,222</u>	<u>41,009,540</u>	<u>27,978,427</u>
280,820	342,141	378,298	420,224	406,816	426,076	454,241
956,988	664,202	799,412	862,500	977,269	964,274	819,277
<u>1,237,808</u>	<u>1,006,343</u>	<u>1,177,710</u>	<u>1,282,724</u>	<u>1,384,085</u>	<u>1,390,350</u>	<u>1,273,518</u>
33,042,123	31,307,098	29,242,644	30,391,741	29,845,853	10,016,089	20,375,446
29,538,781	27,481,494	26,765,444	23,249,963	20,342,432	16,671,291	15,837,549
15,263,878	12,216,383	10,202,132	10,760,106	12,520,022	15,712,510	(6,961,050)
<u>\$ 77,844,782</u>	<u>\$ 71,004,974</u>	<u>\$ 66,210,220</u>	<u>\$ 64,401,810</u>	<u>\$ 62,708,307</u>	<u>\$ 42,399,890</u>	<u>\$ 29,251,945</u>

EL PASO COUNTY SCHOOL DISTRICT 49  
Changes in Net Position  
Last Ten Fiscal Years

	2016	2015	2014	2013
<b>Expenses</b>				
Governmental activities				
Instruction	\$ 73,810,829	\$ 69,436,074	\$ 60,020,821	\$ 54,910,864
Supporting services	55,862,491	51,860,340	44,941,313	39,933,659
Community services	3,110	2,309	558	5,230
Facilitates acquisition & construction	2,313,108	1,555,578	956,249	3,921,201
Food services	3,450,685	3,563,638	-	-
Interest on long-term debt	4,957,824	5,940,860	5,711,616	6,124,842
Total governmental activities expenses	<u>140,398,047</u>	<u>132,358,799</u>	<u>111,630,557</u>	<u>104,895,796</u>
Business -type activities:				
Food services	-	-	3,544,264	3,545,394
Total business-type expenses	<u>-</u>	<u>-</u>	<u>3,544,264</u>	<u>3,545,394</u>
Total primary government expenses	<u><u>140,398,047</u></u>	<u><u>132,358,799</u></u>	<u><u>115,174,821</u></u>	<u><u>108,441,190</u></u>
<b>Program revenues</b>				
Governmental activities				
Charges for services: Instruction	2,996,028	2,687,910	3,426,721	1,643,086
Charges for services: Other	11,029,543	10,787,460	7,605,632	7,488,191
Operating grants and contributions	15,591,007	14,378,042	10,912,740	9,750,503
Capital grants and contributions	704,005	2,835,468	175,389	69,801
Total governmental activities program revenues	<u>30,320,583</u>	<u>30,688,880</u>	<u>22,120,482</u>	<u>18,951,581</u>
Business -type activities				
Food services				
Charges for services	-	-	1,783,467	1,912,878
Operating grants and contributions	-	-	1,804,446	1,712,285
Total business-type activities program revenues	<u>-</u>	<u>-</u>	<u>3,587,913</u>	<u>3,625,163</u>
Total primary government program revenues	<u><u>30,320,583</u></u>	<u><u>30,688,880</u></u>	<u><u>25,708,395</u></u>	<u><u>22,576,744</u></u>
Net (expense) revenue				
Governmental activities	(110,077,464)	(101,669,919)	(89,510,075)	(85,944,215)
Business -type activities	-	-	43,649	79,769
Total primary government net (expense)revenue	<u><u>(110,077,464)</u></u>	<u><u>(101,669,919)</u></u>	<u><u>(89,466,426)</u></u>	<u><u>(85,864,446)</u></u>
<b>General revenues</b>				
Governmental activities				
Property taxes	33,364,551	25,822,318	27,517,073	27,217,408
Specific ownership taxes	3,676,411	2,762,983	2,737,200	2,447,418
State equalization	65,914,912	71,655,103	61,879,292	58,587,096
Investment earnings	84,202	36,042	43,126	76,283
Miscellaneous revenues	474,011	414,377	475,430	349,305
Total governmental activities	<u>103,514,087</u>	<u>100,690,823</u>	<u>92,652,121</u>	<u>88,677,510</u>
Business-type activities				
Investment earnings	-	-	4,656	6,406
Miscellaneous revenues	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>4,656</u>	<u>6,406</u>
Total primary government	<u><u>103,514,087</u></u>	<u><u>100,690,823</u></u>	<u><u>92,656,777</u></u>	<u><u>88,683,916</u></u>
<b>Transfers</b>				
Governmental activities	-	-	665,189	-
Business-type activities	-	-	-	-
<b>Changes in net position</b>				
Governmental activities	(3,563,377)	(979,096)	3,807,235	2,733,295
Prior period adjustment	-	-	-	(3,266,628)
Business-type activities	-	-	48,305	86,175
Total primary government	<u><u>\$ (3,563,377)</u></u>	<u><u>\$ (979,096)</u></u>	<u><u>\$ 3,855,540</u></u>	<u><u>\$ (447,158)</u></u>

Source: District Financial Records

2012	2011	2010	2009	2008	2007	2006
\$ 51,047,331	\$ 55,647,733	\$ 56,308,429	\$ 54,279,772	\$ 48,416,643	\$ 42,710,638	\$ 38,277,390
35,074,259	37,538,903	39,980,941	45,913,039	39,198,688	31,188,705	25,207,458
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
6,477,776	6,723,785	6,966,032	8,620,387	8,154,209	4,724,907	3,411,318
92,599,366	99,910,421	103,255,402	108,813,198	95,769,540	78,624,250	66,896,166
3,315,431	3,622,951	3,295,282	3,190,818	2,778,049	2,369,402	2,129,435
3,315,431	3,622,951	3,295,282	3,190,818	2,778,049	2,369,402	2,129,435
95,914,797	103,533,372	106,550,684	112,004,016	98,547,589	80,993,652	69,025,601
641,917	641,917	641,918	621,648	689,330	1,168,310	411,842
2,417,556	2,358,910	2,253,656	1,655,446	1,213,647	774,902	961,052
8,056,987	13,020,420	9,319,463	7,596,128	6,102,382	5,804,921	5,304,522
55,152	52,088	121,411	-	9,192,240	-	-
11,171,612	16,073,335	12,336,448	9,873,222	17,197,599	7,748,133	6,677,416
2,004,711	2,007,984	1,920,802	1,955,016	1,950,550	1,774,399	1,742,099
1,535,564	1,435,405	1,252,180	1,097,657	821,234	711,835	607,738
3,540,275	3,443,389	3,172,982	3,052,673	2,771,784	2,486,234	2,349,837
14,711,887	19,516,724	15,509,430	12,925,895	19,969,383	10,234,367	9,027,253
(81,427,754)	(83,837,086)	(90,918,954)	(98,939,976)	(78,571,941)	(70,876,117)	(60,218,750)
224,844	(179,562)	(122,300)	(138,145)	(6,265)	116,832	220,402
(81,202,910)	(84,016,648)	(91,041,254)	(99,078,121)	(78,578,206)	(70,759,285)	(59,998,348)
27,181,450	28,713,973	28,958,125	29,881,835	28,359,508	22,854,256	21,056,256
2,476,004	2,467,992	2,607,142	3,115,704	3,169,869	3,001,112	2,746,886
57,265,290	55,421,452	60,892,967	66,905,895	59,948,169	55,487,866	45,807,614
63,377	71,399	105,569	513,820	2,269,789	2,322,942	398,143
1,049,976	2,128,391	289,318	317,586	1,901,364	241,054	558,102
88,036,097	88,803,207	92,853,121	100,734,840	95,648,699	83,907,230	70,567,001
6,621	8,194	17,287	36,784	-	-	-
-	-	-	-	-	-	-
6,621	8,194	17,287	36,784	-	-	-
88,042,718	88,811,401	92,870,408	100,771,624	95,648,699	83,907,230	70,567,001
-	-	-	-	-	-	-
-	-	-	-	-	-	-
6,608,343	4,966,121	1,934,167	1,794,864	17,076,758	13,031,113	10,348,251
-	-	(20,743)	-	-	-	-
231,465	(171,368)	(105,013)	(101,361)	(6,265)	116,832	220,402
\$ 6,839,808	\$ 4,794,753	\$ 1,808,411	\$ 1,693,503	\$ 17,070,493	\$ 13,147,945	\$ 10,568,653

EL PASO COUNTY SCHOOL DISTRICT 49  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>General Fund</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	11,118,279	10,929,805	18,477,589	17,511,950
Unrestricted	-	-	-	-
Assigned	-	-	-	-
Reserved	7,639,917	7,311,636	5,926,591	7,059,744
Unreserved	2,006,325	2,658,563	1,442,415	968,551
Total general fund	<u>20,764,521</u>	<u>20,900,004</u>	<u>25,846,595</u>	<u>25,540,245</u>
<b>All other governmental funds</b>				
Nonspendable	183,162	196,826	-	-
Restricted	7,904,764	15,777,891	14,641,013	13,790,896
Unrestricted	-	-	-	-
Assigned	1,604,279	1,996,455	792,753	393,797
Reserved	419,545	160,020	112,581	-
Unreserved	-	-	-	-
Total all other governmental funds	<u>10,111,750</u>	<u>18,131,192</u>	<u>15,546,347</u>	<u>14,184,693</u>
 Total governmental funds	 <u>30,876,271</u>	 <u>39,031,196</u>	 <u>41,392,942</u>	 <u>39,724,938</u>

Source: District Financial Records

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16,593,550	15,476,154	13,953,894	12,723,986	11,139,954	9,191,894
-	-	-	-	-	-
-	-	-	-	-	-
7,088,293	5,447,032	186,246	-	-	-
<u>4,850,061</u>	<u>4,291,762</u>	<u>7,424,523</u>	<u>9,432,871</u>	<u>12,076,994</u>	<u>15,337,111</u>
<u>28,531,904</u>	<u>25,214,948</u>	<u>21,564,663</u>	<u>22,156,857</u>	<u>23,216,948</u>	<u>24,529,005</u>
-	-	-	-	-	-
12,945,231	12,005,340	12,625,304	14,372,047	17,711,456	9,921,666
-	-	-	-	-	-
357,732	688,309	-	-	-	-
-	-	-	-	-	-
-	-	1,006,106	-	-	-
<u>13,302,963</u>	<u>12,693,649</u>	<u>13,631,410</u>	<u>14,372,047</u>	<u>17,711,456</u>	<u>9,921,666</u>
<u>41,834,867</u>	<u>37,908,597</u>	<u>35,196,073</u>	<u>36,528,904</u>	<u>40,928,404</u>	<u>34,450,671</u>

EL PASO COUNTY SCHOOL DISTRICT 49  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Revenues</b>			
Local sources	\$ 45,351,070	\$ 35,283,456	\$ 35,954,331
State sources	73,529,158	78,220,600	67,010,620
Federal sources	7,341,539	6,920,031	5,010,456
Tuition	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>126,221,767</u>	<u>120,424,087</u>	<u>107,975,407</u>
<b>Expenditures</b>			
Instruction	62,578,937	57,030,514	54,269,244
Supporting services	43,620,742	39,810,635	38,253,961
Community services	3,110	2,309	1,501
Facilities acquisition and construction	2,292,721	5,182,557	1,023,064
Food service	3,450,686	3,563,638	-
Charter schools	-	-	-
Debt service	10,927,333	13,830,071	13,722,953
Total expenditures	<u>122,873,529</u>	<u>119,419,724</u>	<u>107,270,723</u>
Excess of revenues over (under) expenditures	3,348,238	1,004,363	704,684
<b>Other financing sources (uses)</b>			
Transfers in	(420,884)	-	-
Transfers out	420,844	-	902,055
Capital lease proceeds	-	-	-
Proceeds from sale of capital assets	-	-	-
Payment to refunded bond escrow agent	(19,472,793)	-	-
Payments to escrow agent	-	(85,197,394)	(3,592,625)
Refunding bonds issued	8,780,000	74,313,571	3,470,000
Premium on bond issued	-	6,353,565	183,890
Total other financing sources (uses)	<u>(10,692,833)</u>	<u>(4,530,258)</u>	<u>963,320</u>
Net change in fund balances	<u>\$ (7,344,595)</u>	<u>\$ (3,525,895)</u>	<u>\$ 1,668,004</u>
Debt services as a percentage of noncapital expenditures	9.1%	12.1%	12.9%

Source: District Financial Records

2013	2012	2011	2010	2009	2008	2007
\$ 33,884,059	\$ 34,392,745	\$ 36,760,783	\$ 35,100,024	\$ 33,321,188	\$ 31,079,537	\$ 25,820,125
62,636,526	60,826,416	58,862,469	64,461,633	74,502,023	68,320,340	63,615,729
4,429,055	4,317,990	9,371,883	5,697,502	2,594,680	3,804,341	2,184,266
<u>100,949,640</u>	<u>99,537,151</u>	<u>104,995,135</u>	<u>105,259,159</u>	<u>110,417,891</u>	<u>103,204,218</u>	<u>91,620,120</u>
48,919,131	47,413,220	49,557,020	51,246,285	48,430,943	45,696,300	39,322,697
36,411,011	33,502,268	36,258,829	37,884,658	34,480,640	31,307,588	25,080,328
1,066	-	-	-	-	-	-
3,962,620	1,841,777	2,520,500	2,903,022	6,703,289	39,322,887	38,094,192
-	-	-	-	-	-	-
-	-	-	-	10,317,341	7,656,621	5,718,529
13,765,741	13,952,248	14,364,714	14,276,686	14,885,178	13,578,861	12,347,448
<u>103,059,569</u>	<u>96,709,513</u>	<u>102,701,063</u>	<u>106,310,651</u>	<u>114,817,391</u>	<u>137,562,257</u>	<u>120,563,194</u>
(2,109,929)	2,827,638	2,294,072	(1,051,492)	(4,399,500)	(34,358,039)	(28,943,074)
	567,738	605,662	2,722,344	2,715,782	2,571,002	3,111,388
	(1,200,299)	(605,662)	(2,722,344)	(2,715,782)	(2,571,002)	(3,111,388)
	1,731,193	418,452				
						(14,257,116)
					39,725,000	67,462,217
					1,110,772	1,645,599
<u>-</u>	<u>1,098,632</u>	<u>418,452</u>	<u>-</u>	<u>-</u>	<u>40,835,772</u>	<u>54,850,700</u>
<u>\$ (2,109,929)</u>	<u>\$ 3,926,270</u>	<u>\$ 2,712,524</u>	<u>\$ (1,051,492)</u>	<u>\$ (4,399,500)</u>	<u>\$ 6,477,733</u>	<u>\$ 25,907,626</u>
13.9%	14.7%	14.3%	13.8%	13.8%	13.8%	15.0%

EL PASO COUNTY SCHOOL DISTRICT 49  
 Assessed and Estimated Actual Value of Taxable Property  
 Last Ten Fiscal Years

Assessment Year	Collection Year	Residential Property	Commercial Property	Industrial, Agricultural, And Natural Resources	State Assessed, Vacant Land, and Other	Total Taxable Assessed Value
2015	2016	518,510,430	157,253,610	11,800,340	64,408,090	751,972,470
2014	2015	462,675,840	152,800,100	11,201,630	63,046,990	689,724,560
2013	2014	442,234,860	147,150,700	11,405,580	63,806,180	664,597,320
2012	2013	442,006,450	147,353,840	10,877,810	63,479,710	663,717,810
2011	2012	432,478,460	147,318,740	11,351,400	67,345,580	658,494,180
2010	2011	461,396,340	154,956,330	12,102,310	75,483,300	703,938,280
2009	2010	453,376,890	154,508,260	12,519,520	79,205,910	699,610,580
2008	2009	431,314,820	132,287,440	12,953,120	79,969,530	656,524,910
2007	2008	412,599,750	116,095,780	11,106,720	80,226,220	620,028,470
2006	2007	341,637,650	88,972,890	9,649,590	64,263,120	504,523,250

Source: El Paso County Treasurer's office

Total Direct Tax Rate	Estimated Actual Taxable Value	Assessment Rates		
		Taxable Assessed Value as a		
		Percentage of Actual Value	Residential	All others
44.635	7,318,389,792	10.28%	7.96%	29.00%
45.796	6,594,766,136	10.46%	7.96%	29.00%
45.617	6,321,813,966	10.51%	7.96%	29.00%
45.585	6,317,740,713	10.51%	7.96%	29.00%
45.842	6,212,889,184	10.60%	7.96%	29.00%
45.792	6,632,924,756	10.61%	7.96%	29.00%
45.572	6,544,920,650	10.69%	7.96%	29.00%
45.674	6,195,485,589	10.60%	7.96%	29.00%
45.795	5,899,026,417	10.51%	7.96%	29.00%
45.547	4,853,147,177	10.40%	7.96%	29.00%

EL PASO COUNTY SCHOOL DISTRICT 49  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years

Taxing Authority	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>El Paso County School District 49</b>										
General Fund	24.459	24.784	24.459	24.459	24.459	24.459	24.459	24.459	24.459	24.459
Mill Levy Override	9.800	9.800	9.800	9.800	9.800	9.800	9.800	9.800	9.800	9.800
Abatement <sup>(1)</sup>	0.217	0.325	0.146	0.114	0.371	0.321	0.101	0.203	0.324	0.076
Bond Fund	10.159	11.212	11.212	11.212	11.212	11.212	11.212	11.212	11.212	11.212
<b>Total for El Paso Count School District 49</b>	<b>44.635</b>	<b>45.796</b>	<b>45.617</b>	<b>45.585</b>	<b>45.842</b>	<b>45.792</b>	<b>45.572</b>	<b>45.674</b>	<b>45.795</b>	<b>45.547</b>
<b>City Of Colorado Springs</b>										
El Paso County	4.279	4.279	4.279	4.279	4.279	4.279	4.944	4.944	4.944	4.944
El Paso County	7.791	7.714	7.663	7.762	7.882	7.531	7.748	7.514	7.710	7.673
<b>Fire Districts</b>										
Black Forest	10.237	10.356	10.382	10.379	10.406	6.275	6.322	6.444	6.600	7.287
Cimarron Hills	15.286	15.290	14.390	11.390	12.150	11.110	11.110	11.082	11.110	10.780
Falcon	8.612	8.612	8.612	8.612	8.612	5.712	5.712	5.712	5.712	5.712
Elbert	8.500	4.575	4.575	4.575	4.575	4.575	4.575	4.575	4.575	4.575
Ellicott	9.760	10.220	10.290	10.168	9.999	9.319	9.374	9.116	4.354	4.481
<b>Water Districts</b>										
Up Blk Sqrll GW	1.057	1.082	1.082	1.082	1.082	1.082	0.682	0.682	0.682	0.706
<b>Sanitation water districts</b>										
Westmoor SWD	34.943	41.288	34.956	37.471	35.508	30.986	29.055	33.07	31.423	31.84
<b>Special Districts</b>										
Barnes & Pow N BID	50.000	47.000	45.000	43.000	41.000	36.000	41.000	51.000	51.000	1.000
Barnes & Pow S BID	21.000	21.000	21.000	21.000	21.000	21.000	28.336	28.336	28.336	1.000
EPC PID #2	10.000	10.000	10.000							
First & Main BID	51.000	51.000	51.000	51.000	51.000	51.000	51.000	51.000	1.000	1.000
First & Main BID #2	51.000	51.000	51.000	51.000	51.000	51.000	51.000			
First & Main North BID	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	36.000	45.000
Stetson Hills SIMD	3.858	3.858	3.858	3.858	3.858	3.858	3.858	3.858	3.858	3.858
<b>Metropolitan Districts</b>										
4-Way Ranch #1	45.000	45.000	45.000	45.000	45.000	45.000	45.000	45.000	45.000	45.000
Ban Lewis Ranch #2	50.000	50.000	50.000	50.000	50.000	50.000	50.000	50.000	40.000	40.000
Ban Lewis Ranch #3	50.000	50.000	50.000							
Ban Lewis Ranch Reg	10.000	10.000	10.000	10.000	10.000					
Bent Grass	35.000	30.000	30.000	10.000	10.000	40.000	40.000	40.000		
Bobcat Meadows	11.430	11.430	11.430	11.430	11.430	11.430	11.430	11.464	11.464	11.464
Central Marksheffel	30.000	30.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000
Constitution Heights MD	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000
Dublin North #2	40.000	40.000	40.000	40.000						
Falcon Highlands	35.000	35.000	35.000	35.216	35.000	35.000	35.000	35.000	35.000	37.500
Latigo Creek	5.000	5.000	5.000	5.000	5.000	5.000	5.000	40.000		
Meridian Ranch	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000
Paintbrush Hills	22.107	22.107	22.107	22.107	22.107	22.107	22.408	22.408	22.408	22.573
Sterling Ranch #1	50.000									
Sterling Ranch #2	50.000	60.000								
Sterling Ranch #3	50.000	60.000								
Stetson Ridge #2	24.472	24.472	24.472	24.472	24.472	24.472	24.472	32.114	24.472	22.400
Stetson Ridge #3	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000	
Woodmen Heights #2	42.000	42.000	42.000	42.000	40.000	40.000	40.000	40.000	40.000	35.000
Woodmen Heights #3	42.000	42.000	42.000	42.000	40.000	40.000	40.000	40.000	40.000	35.000
Woodmen Road	10.800	10.800	10.800	10.800	10.800	10.800	10.800	10.800	10.800	10.800

Source: El Paso County Abstract of Assessments

Notes:

<sup>(1)</sup> Colorado Revised Statutes Require that districts shall levy, in the next fiscal year, the mill levy that is necessary to recoup property tax abatements granted after the mill levy is certified for the fiscal year.

Overlapping rates are those of local and county governments that apply to property owners within El Paso County School District 49.

Not all overlapping rates apply to all District property owners. The rates for special districts apply only to the proportion of the government's property owners whose property is located.

EL PASO COUNTY SCHOOL DISTRICT 49  
Principal Property Taxpayers  
Current Year and Nine Years Ago

Taxpayer	2016			2007		
	Assessed Valuation	Rank	% of Total Valuation	Assessed Valuation	Rank	% of Total Valuation
FIRST & MAIN LLC	12,617,060	1	1.68%	9,141,820	1	1.81%
MOUNTAIN VIEW ELEC ASSN INC	7,589,430	2	1.01%			
BARNES & POWERS NORTH NO 1 LLC	5,660,010	3	0.75%			
ST FRANCIS LAND COMPANY LLC	5,249,960	4	0.70%			
FIRST AND MAIN NORTH NO 1 LLC	4,756,660	5	0.63%	2,597,250	4	0.51%
HR BRIARGATE LLC	4,093,640	6	0.54%			
FIRST & MAIN SOUTH NO 1 LLC	4,073,430	7	0.54%	3,984,860	2	0.79%
PUBLIC SERVICE CO OF COLO A/K/A	3,990,810	8	0.53%			
COSTCO WHOLESALE CORP	3,761,160	9	0.50%			
WAL-MART REAL ESTATE	3,222,680	10	0.43%			
TARGET CORP				3,360,350	3	0.67%
LOWES HIW INC (1099)				2,376,880	5	0.47%
SRPC NO 1 LLC				2,144,720	6	0.43%
CATHOLIC HEALTH INITIATIVES D/B/A				1,882,610	7	0.37%
DILLON COMPANIES INC				1,800,520	8	0.36%
STETSON RIDGE ASSOCIATES LTD				1,546,270	9	0.31%
WOODFORD MANUFACTURING CO				1,416,600	10	0.28%
Totals	<u>\$ 55,014,840</u>		7.32%	<u>\$ 30,251,880</u>		6.00%
Total Assessed Valuation	\$ 751,972,470			\$ 504,523,250		

Source: El Paso County Assessor's Office

EL PASO COUNTY SCHOOL DISTRICT 49  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Assessment Year	Collection Year	Current Tax Levy	Collected within the Calendar Year of the Levy		Collections in Subsequent Years	Total Collection to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2015	2016	33,564,299	33,322,961	99.3%	(131,285)	33,191,676	98.9%
2014	2015	31,586,636	31,467,474	99.6%	(1,404)	31,466,070	99.6%
2013	2014	30,316,945	30,226,286	99.7%	(88,023)	30,138,263	99.4%
2012	2013	30,255,576	30,209,654	99.8%	(45,554)	30,164,100	99.7%
2011	2012	30,186,698	30,111,476	99.8%	9,213	30,120,689	99.8%
2010	2011	32,234,742	32,114,254	99.6%	9,213	32,123,467	99.7%
2009	2010	31,882,655	31,621,374	99.2%	10,499	31,631,873	99.2%
2008	2009	29,986,124	29,861,565	99.6%	44,120	29,905,686	99.7%
2007	2008	28,394,203	28,264,468	99.5%	(20,023)	28,244,445	99.5%
2006	2007	22,979,518	22,938,055	99.8%	(170,077)	22,767,978	99.1%

Source: El Paso Country Treasurer's Office

2016 collections are from January 1 to September 30. Additional taxes will be collected from October 1 to December 31.

Collections in Subsequent years includes delinquent tax collections, interest, penalties and abatements.

EL PASO COUNTY SCHOOL DISTRICT 49

Legal Debt Margin

Last Ten Fiscal Years

	2016	2015	2014	2013
Assessed valuation	751,972,470	689,724,560	664,597,320	663,717,810
Debt Limit	150,394,494	137,944,912	132,919,464	132,743,562
Total net debt applicable to limit	12,305,000	26,020,000	31,300,002	36,430,000
Legal debt margin	138,089,494	111,924,912	101,619,462	96,313,562
Total net debt applicable to the limit as a percentage of debt limit	8.18%	18.86%	23.55%	27.44%

Source: El Paso County Assessor's Office, District Financial Records

2012	2011	2010	2009	2008	2007
658,494,180	703,938,280	699,610,580	656,524,910	620,028,470	504,523,250
131,698,836	140,787,656	139,922,116	131,304,982	124,005,694	100,904,650
41,085,000	45,085,000	47,935,000	50,630,000	53,150,000	55,305,000
90,613,836	95,702,656	91,987,116	80,674,982	70,855,694	45,599,650
31.20%	32.02%	34.26%	38.56%	42.86%	54.81%

EL PASO COUNTY SCHOOL DISTRICT 49  
Ratio of General Bonded Debt to Estimated Actual Taxable Value and Bonded Debt Per Capita  
Last Ten Fiscal Years

Assessment Year	Collection Year	Estimated Actual Taxable Value	General Bonded Debt	Ratio of General Bonded Debt to Estimated Actual Taxable Value	Population	Net Bonded Debt per Capita
2015	2016	7,318,389,792	12,305,000	0.17%	85,144	145
2014	2015	6,594,766,136	26,020,000	0.39%	82,536	315
2013	2014	6,321,813,966	31,300,002	0.50%	80,008	391
2012	2013	6,317,740,713	36,430,000	0.58%	77,006	473
2011	2012	6,212,889,184	41,085,000	0.66%	72,955	563
2010	2011	6,632,924,756	45,085,000	0.68%	81,868	551
2009	2010	6,544,920,650	47,935,000	0.73%	75,517	635
2008	2009	6,195,485,589	50,630,000	0.82%	75,323	672
2007	2008	5,899,026,417	53,150,000	0.90%	69,116	769
2006	2007	4,853,147,177	55,305,000	1.14%	65,268	847

Sources: El Paso County Assessor's Office and Department of Local Affairs, Demography Section, Housing and Households

Note: The population number for 2015 and 2016 are estimated based on prior years growth.

EL PASO COUNTY SCHOOL DISTRICT 49  
Ratio of Annual Debt Service Expenditures for General Bonded Debt to General Fund Expenditures  
Last Ten Fiscal Years

Fiscal Year	Annual Debt Service Expenditures for General Bonded Debt	Total General Fund Expenditures	Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Fund Expenditures
2016	4,787,504	107,098,324	4.5%
2015	6,593,584	102,261,369	6.4%
2014	6,616,242	92,931,241	7.1%
2013	6,571,172	91,726,364	7.2%
2012	6,513,976	85,058,389	7.7%
2011	6,466,879	89,249,494	7.2%
2010	6,387,174	89,626,080	7.1%
2009	6,276,634	97,308,429	6.5%
2008	5,668,136	88,884,590	6.4%
2007	5,776,100	70,668,163	8.2%

Source: District Financial Records

EL PASO COUNTY SCHOOL DISTRICT 49  
Ratio of Outstanding Debt By Type  
Last Ten Fiscal Years

Fiscal Year	General	Certificates of Participation	Capital Leases	Total Primary Government	Population	Per Capita	Aggregate Income	Percentage	Funded Pupil Count	Total Debt per Pupil
	Obligation Bonds							of Aggregate Income		
2016	12,305,000	68,345,000	4,049,924	84,699,924	85,144	995	2,443,871,861	3.47%	21,839	3,878
2015	26,020,000	70,575,000	4,521,429	101,116,429	82,536	1,225	2,405,385,690	4.20%	20,223	5,000
2014	31,300,002	79,945,000	1,751,960	112,996,962	80,008	1,412	2,367,505,600	4.77%	18,279	6,182
2013	36,430,000	82,170,000	2,341,188	120,941,188	77,006	1,571	2,347,809,100	5.15%	14,573	8,299
2012	41,085,000	84,215,000	3,333,903	128,633,903	72,955	1,763	2,086,545,800	6.16%	14,284	9,006
2011	45,085,000	86,090,000	2,791,410	133,966,410	81,868	1,636	2,281,557,700	5.87%	14,028	9,550
2010	47,935,000	87,835,000	4,056,903	139,826,903	75,517	1,852	2,091,957,100	6.68%	13,698	10,208
2009	50,630,000	89,465,000	5,560,259	145,655,259	75,323	1,934	2,058,004,400	7.08%	12,984	11,218
2008	53,150,000	90,960,000	5,827,355	149,937,355	69,116	2,169	1,949,998,200	7.69%	12,222	12,268
2007	55,305,000	52,600,000	7,161,392	115,066,392	65,268	1,763	1,817,646,100	6.33%	11,581	9,936

Source: Department of Local Affairs

Note: The population and aggregate income numbers for 2015 and 2016 are estimated based on prior years growth.

EL PASO COUNTY SCHOOL DISTRICT 49  
 Estimation of Direct and Overlapping Debt  
 As of June 30, 2016

	2016 Assessed Valuation	Entity's Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<b>Direct Debt:</b>				
El Paso County School District 49	751,972,470	12,305,000	100.00%	12,305,000
<b>Overlapping Debt:</b>				
City Of Colorado Springs	4,985,581,710	53,151,000	13.17%	7,001,349
El Paso County	6,852,654,340	157,498,974	6.18%	9,728,150
<b>Fire Districts</b>				
Black Forest	141,335,670	998,575	8.08%	80,684
Cimarron Hills	124,750,120	-	49.56%	-
Falcon	321,445,960	-	81.27%	-
Elbert	5,776,280	-	19.74%	-
Ellicott	25,993,190	N/A	0.24%	-
<b>Water Districts</b>				
Up Blk Sqrll GW	264,022,550	-	20.08%	-
<b>Sanitation water districts</b>				
Westmoor SWD	59,240	-	100.00%	-
<b>Special Districts</b>				
Barnes & Pow N BID	19,249,140	8,410	100.00%	8,410
Barnes & Pow S BID	18,950,660	-	100.00%	-
EPC PID #2	9,616,220	-	43.05%	-
First & Main BID	3,260,570	1,495,000	100.00%	1,495,000
First & Main BID #2	10,391,320	7,570,000	100.00%	7,570,000
First & Main North BID	4,091,470	1,688,505	100.00%	1,688,505
Stetson Hills SIMD	71,390,210	-	100.00%	-
<b>Metropolitan Districts</b>				
4-Way Ranch #1	1,472,370	2,975,000	100.00%	2,975,000
Ban Lewis Ranch #2	19,249,140	10,920,000	100.00%	10,920,000
Ban Lewis Ranch #3	2,066,940	8,455,000	100.00%	8,455,000
Ban Lewis Ranch Reg	24,733,390	-	45.71%	-
Bent Grass	1,555,450	800,000	100.00%	800,000
Bobcat Meadows	2,526,550	-	100.00%	-
Central Marksheffel	24,260,500	11,880,000	82.01%	9,742,357
Constitution Heights MD	8,435,940	4,330,000	100.00%	4,330,000
Dublin North #2	4,135,430	4,415,916	100.00%	4,415,916
Falcon Highlands	18,365,360	19,461,507	100.00%	19,461,507
Latigo Creek	527,670	-	100.00%	-
Meridian Ranch	40,482,280	41,995,000	100.00%	41,995,000
Paintbrush Hills	16,488,770	-	100.00%	-
Sterling Ranch #1	10	-	100.00%	-
Sterling Ranch #2	113,290	9,062,406	55.49%	5,028,706
Sterling Ranch #3	20,230	-	49.45%	-

Direct Debt:	2016 Assessed Valuation	Entity's Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Stetson Ridge #2	32,603,020	1,740,000	100.00%	1,740,000
Stetson Ridge #3	3,943,970	4,990,000	100.00%	4,990,000
Woodmen Heights #2	23,351,820	-	78.59%	-
Woodmen Heights #3	1,706,300	-	82.54%	-
Woodmen Road	125,884,470	16,685,000	97.13%	16,205,413

Sources: El Paso County Assessor's Office and from individual entities.

Note: We were unable to get information on Ellicot Fire Districts outstanding debt.

EL PASO COUNTY SCHOOL DISTRICT 49  
Demographic and Economic Statistics  
Last Ten Fiscal Years

Fiscal Year	Population	Total Personal Income	Per Capital Personal Income	School Enrollment	Unemployment rate
2016	85,144	2,443,871,861	28,703	20,561	3.9%
2015	82,536	2,405,385,690	29,143	19,552	4.1%
2014	80,008	2,367,505,600	29,591	18,880	4.5%
2013	77,006	2,347,809,100	30,489	15,478	7.1%
2012	72,955	2,086,545,800	28,600	15,063	8.8%
2011	81,868	2,281,557,700	27,869	14,708	10.4%
2010	75,517	2,091,957,100	27,702	14,398	6.7%
2009	75,323	2,058,004,400	27,322	13,616	6.7%
2008	69,116	1,949,998,200	28,213	12,783	3.4%
2007	65,268	1,817,646,100	27,849	12,256	5.4%

Source: Department of Local Affairs, District records

Note: The population and aggregate income numbers for 2015 and 2016 are estimated based on prior years growth.

EL PASO COUNTY SCHOOL DISTRICT 49  
Principal Employers for the Pikes Peak Region  
Current Year and Nine Years Ago

Employer	Rank	Percentage of Total County Employment	
		2016	2005
Fort Carson Army Post	1	10.22%	8.70%
Peterson Air Force Base	2	4.17%	6.10%
United States Air Force Academy	3	3.13%	2.83%
Colorado Springs School District #11	4	2.21%	1.54%
Academy School District #20	5	1.25%	1.04%
Memorial Hospital - UC Health	6	1.22%	1.46%
Penrose-St. Francis Health Services	7	1.09%	1.20%
Schriever Air Force Base <sup>2</sup>	8	1.08%	1.95%
City of Colorado Springs <sup>1</sup>	9	0.89%	1.22%
El Paso County	10	0.81%	0.82%
Lockheed Martin	-	0.52%	0.85%

Source: [https://coloradosprings.gov/sites/default/files/2015\\_final\\_cafr.pdf](https://coloradosprings.gov/sites/default/files/2015_final_cafr.pdf) p.262  
2015 is the most current CAFR available from City of Colorado Springs, the City's Fiscal Year is from January to December.

<sup>1</sup> City of Colorado Springs includes the total of all full-time equivalent employees (FTE's) in all funds and enterprises except Colorado Springs Utilities and Memorial Health System.

<sup>2</sup> Schriever Air Force Base previously known as Falcon Air Force Base.

EL PASO COUNTY SCHOOL DISTRICT 49  
 Full-Time Equivalent Employees by Functional Program  
 Last Ten Fiscal Years

	2016	2015	2014	2013	2012
Classroom Instruction	933	920	914	817	787
Teaching Assistants	300	251	209	119	149
General Office Support	102	100	113	96	77
Instructional Support	75	72	60	53	51
Facility Workers	66	69	69	64	61
Other Assistants	61	79	64	82	56
Man.Dir.Sup. Coord.	60	39	24	8	8
Principals/Asst/Assoc	53	50	64	48	42
Bus Drivers	47	49	46	47	44
Other Paraprofessionals	41	43	64	41	13
Special Service Providers	41	42	34	33	30
Food Services	35	39	46	42	43
Professionals Support	33	17	16	14	11
Foreman/Lead Workers	29	31	33	33	37
Coord./Supr.	18	13	11	8	6
Office Manager/Supervisor	18	36	31	12	14
Security	11	12	12	12	10
Supt/Asst Supt/BOCES Director	9	9	9	6	6
Computer Technology	6	4	12	5	9
Vehicle Drivers/Workers	4	4	3	4	5
<b>Total</b>	<b>1,942</b>	<b>1,879</b>	<b>1,834</b>	<b>1,543</b>	<b>1,459</b>

Source: District Financial Records  
 2007-2009 data does not include charter school information.

2011	2010	2009	2008	2007
818	850	719	700	649
190	229	193	175	162
76	76	78	73	73
65	60	57	49	50
84	79	104	93	79
47	41	73	77	81
14	15	28	22	21
45	50	42	37	36
51	53	80	87	72
11	11	32	31	33
40	42	35	39	38
44	36	57	53	58
20	18	12	12	17
38	38	33	30	30
6	7	8	7	3
15	16	10	9	7
12	12	10	7	8
3	3	2	2	2
14	12	13	13	12
5	5	5	4	5
1,598	1,653	1,591	1,520	1,436

EL PASO COUNTY SCHOOL DISTRICT 49  
School Building Capacity and Population  
Last Ten Fiscal Years

	2016	2015	2014	2013
<b>Elementary Schools</b>				
Falcon (1982)				
Building Square feet	38,561	38,561	38,561	38,561
Modular Square feet	5,640	5,640	5,640	5,640
Core Capacity (building)	425	425	425	425
Total Capacity (w/modulars)	575	575	575	575
Enrollment	319	317	324	319
Meridian Ranch (2003)				
Building Square feet	55,731	55,731	55,731	55,731
Modular Square feet	1,440	1,440	1,440	1,440
Core Capacity (building)	650	650	650	650
Total Capacity (w/modulars)	700	700	700	700
Enrollment	727	748	698	638
Woodmen Hills (2000)				
Building Square feet	51,603	51,603	51,603	51,603
Modular Square feet	11,039	11,039	11,039	11,039
Core Capacity (building)	600	600	600	600
Total Capacity (w/modulars)	900	900	900	900
Enrollment	738	744	743	729
Evans (1976)				
Building Square feet	53,101	53,101	53,101	53,101
Modular Square feet	11,296	11,296	11,296	11,296
Core Capacity (building)	550	550	550	550
Total Capacity (w/modulars)	850	850	850	850
Enrollment	684	678	666	722
Remington (1997)				
Building Square feet	49,784	49,784	49,784	49,784
Modular Square feet	2,880	2,880	2,880	2,880
Core Capacity (building)	600	600	600	600
Total Capacity (w/modulars)	700	700	700	700
Enrollment	580	565	571	560
Springs Ranch (2002)				
Building Square feet	56,914	56,914	56,914	56,914
Modular Square feet	2,880	2,880	2,880	2,880
Core Capacity (building)	650	650	650	650
Total Capacity (w/modular)	750	750	750	750
Enrollment	573	592	654	666
Ridgeview (2002)				
Building Square feet	57,362	57,362	57,362	57,362
Modular Square feet	5,760	5,760	5,760	5,760
Core Capacity (building)	600	600	600	600

2012	2011	2010	2009	2008	2007
38,561	38,561	38,561	38,561	38,561	38,561
5,640	5,640	5,640	5,640	5,640	5,640
425	425	425	425	425	425
575	575	575	575	575	575
341	339	326	368	433	417
55,731	55,731	55,731	55,731	55,731	55,731
1,440	1,440	1,440	1,440	1,440	1,440
650	650	650	650	650	650
700	700	700	700	700	700
607	595	595	628	669	647
51,603	51,603	51,603	51,603	51,603	51,603
11,039	11,039	11,039	11,039	11,039	12,533
600	600	600	600	600	600
900	900	900	900	900	950
714	727	726	748	863	867
53,101	53,101	53,101	53,101	53,101	53,101
7,760	7,760	7,760	7,760	7,760	7,760
550	550	550	550	550	550
825	825	825	825	825	825
679	652	666	650	643	694
49,784	49,784	49,784	49,784	49,784	49,784
2,880	2,880	2,880	2,880	2,880	2,880
600	600	600	600	600	600
700	700	700	700	700	700
593	624	586	538	508	546
56,914	56,914	56,914	56,914	56,914	45,979
2,880	2,880	2,880	2,880	2,880	2,880
650	650	650	650	650	450
750	750	750	750	750	550
702	676	663	625	635	661
57,362	57,362	57,362	57,362	57,362	57,362
5,760	5,760	5,760	5,760	5,760	5,760
600	600	600	600	600	600

	2016	2015	2014	2013
Total Capacity (w/modulars)	800	800	800	800
Enrollment	760	916	720	692
<b>Stetson Elementary (1987)</b>				
Building Square feet	50,223	50,223	50,223	50,223
Modular Square feet	12,120	12,120	12,120	12,120
Core Capacity (building)	525	525	525	525
Total Capacity (w/modulars)	875	875	875	875
Enrollment	568	619	613	625
<b>Odyssey Elementary (2006)</b>				
Building Square feet	44,505	44,505	44,505	44,505
Modular Square feet	5,760	5,760	5,760	5,760
Core Capacity (building)	450	450	450	450
Total Capacity (w/modulars)	650	650	650	650
Enrollment	550	579	572	571
<b>Middle Schools</b>				
<b>Falcon Middle (1976)</b>				
Building Square feet	92,421	92,421	92,421	92,421
Modular Square feet	5,640	5,640	5,640	5,640
Core Capacity (building)	800	800	800	800
Total Capacity (w/modulars)	1,000	1,000	1,000	1,000
Enrollment	907	934	902	918
<b>Horizon Middle (1985)</b>				
Building Square feet	66,380	66,380	66,380	66,380
Modular Square feet	43,488	7,200	7,200	7,200
Core Capacity (building)	625	625	625	625
Total Capacity (w/modulars)	1,175	800	800	800
Enrollment	650	626	610	623
<b>Skyview Middle (2000)</b>				
Building Square feet	122,317	122,317	122,317	122,317
Modular Square feet	14,760	14,760	14,760	14,760
Core Capacity (building)	900	900	900	900
Total Capacity (w/modulars)	1,350	1,350	1,350	1,350
Enrollment	1,127	1,144	1,022	1,028
<b>High Schools</b>				
<b>Falcon High (2007)</b>				
Building Square feet	176,352	176,352	176,352	176,352
Modular Square feet	-	-	-	-
Core Capacity (building)	1,200	1,200	1,200	1,200
Total Capacity (w/modulars)	1,200	1,200	1,200	1,200
Enrollment	1,238	1,275	1,242	1,291
<b>Sand Creek High (1997)</b>				
Building Square feet	189,866	189,866	189,866	189,866
Modular Square feet	8,640	8,640	8,640	11,520
Core Capacity (building)	1,600	1,600	1,600	1,600
Total Capacity (w/modulars)	1,900	1,900	1,900	1,950
Enrollment	1,274	1,245	1,238	1,184

2012	2011	2010	2009	2008	2007
800	800	800	800	800	800
701	684	718	735	700	748
50,223	50,223	50,223	50,223	50,223	50,223
12,120	12,120	12,120	12,120	12,120	12,120
525	525	525	525	525	525
875	875	875	875	875	875
624	630	680	733	718	716
44,505	44,505	44,505	44,505	44,505	44,505
5,760	5,760	5,760	5,760	5,760	5,760
450	450	450	450	450	450
650	650	650	650	650	450
564	544	548	573	572	554
92,421	92,421	92,421	92,421	92,421	41,929
5,640	5,640	5,640	4,200	4,200	10,572
800	800	800	800	800	425
1,000	1,000	1,000	1,000	1,000	775
911	908	903	942	622	551
66,380	66,380	66,380	66,380	66,380	66,380
9,500	9,500	9,500	9,500	9,500	9,500
625	625	625	625	625	625
875	875	875	875	875	875
615	652	672	662	696	691
122,317	122,317	122,317	122,317	122,317	85,257
14,760	7,200	7,200	7,200	7,200	7,200
900	900	900	900	900	525
1,150	1,150	1,150	1,150	1,150	775
1,024	1,081	1,178	1,129	1,147	1,038
176,352	176,352	176,352	176,352	176,352	92,421
-	-	-	-	-	4,200
1,200	1,200	1,200	1,200	1,200	800
1,200	1,200	1,200	1,200	1,200	1,000
1,239	1,298	1,287	1,236	1,157	1,039
189,866	189,866	189,866	189,866	189,866	189,866
11,520	19,080	18,080	18,080	16,640	15,200
1,600	1,600	1,600	1,600	1,600	1,600
2,200	2,200	2,200	2,200	2,150	2,100
1,175	1,162	1,296	1,535	2,084	2,054

	2016	2015	2014	2013
Vista Ridge High (2008)				
Building Square feet	166,617	166,617	166,617	166,617
Modular Square feet	-	-	-	-
Core Capacity (building)	1,200	1,200	1,200	1,200
Total Capacity (w/modulars)	1,200	1,200	1,200	1,200
Enrollment	1,437	1,338	1,230	1,195
<b>Charter Schools</b>				
Imagine Classical Academy (2010)				
Building Square feet	48,000	48,000	48,000	48,000
Modular Square feet	1,440	1,440	-	-
Core Capacity (building)	800	800	800	800
Total Capacity (w/modulars)	850	850	800	800
Enrollment	773	743	831	858
Pikes Peak School of Expeditionary Learning (2008)				
Building Square feet	28,967	28,967	28,967	28,967
Modular Square feet	-	-	-	-
Core Capacity (building)	475	475	475	475
Total Capacity (w/modulars)	475	475	475	475
Enrollment	439	408	384	397
Rocky Mountain Classical Academy (2015)				
Building Square feet	93,000	35,000	35,000	35,000
Modular Square feet	-	36,288	36,288	36,288
Core Capacity (building)	1,200	475	475	475
Total Capacity (w/modulars)	1,200	1,075	1,075	1,075
Enrollment	1,467	1,300	746	675
Banning Lewis Ranch Academy (2008)				
Building Square feet	57,000	57,000	57,000	57,000
Modular Square feet	1,440	1,440	1,440	1,440
Core Capacity (building)	675	675	675	675
Total Capacity (w/modulars)	725	725	725	725
Enrollment	752	749	750	737
GOAL Academy				
Building Square feet	185,278			
Modular Square feet	-			
Capacity (students)	N/A	N/A	N/A	
Enrollment	4,070	3,259	3,149	-
<b>Other Buildings</b>				
Springs Studio for Academic Excellence (2012)				
Building Square feet	20,000	20,000	20,000	20,000
Modular Square feet	-	-	-	-
Capacity (students)	600	600	600	600
Enrollment	521	321	496	421
Patriot Learning Center (1952)				
Building Square feet (plus butler & art)	41,929	41,929	41,929	41,929
Modular Square feet	10,572	10,572	10,572	10,572
Core Capacity (building)	125	125	125	125

2012	2011	2010	2009	2008	2007
159,787	159,787	159,787	159,787		
-	-	-	-	-	-
1,200	1,200	1,200	1,200		
1,200	1,200	1,200	1,200		
1,147	1,105	896	602	-	-
48,000	48,000	-	-	-	-
-	-	20,160	20,160	-	-
800	800	350	350	-	-
800	800	350	350	-	-
802	687	592	197	-	-
28,967	28,967	28,967	28,967	3,997	3,997
-	-	-	-	7,404	7,404
475	475	475	475	200	200
475	475	475	475	200	200
396	383	345	248	193	161
35,000	35,000	35,000	35,000	-	-
36,288	36,288	36,288	36,288	36,288	36,288
475	475	475	475	0	-
1,075	1,075	1,075	1,075	600	600
892	924	824	679	544	376
57,000	57,000	57,000	57,000	-	-
1,440	-	-	-	-	-
675	675	675	675		
725	-	-	-	-	-
742	712	697	601	599	496
-	-	-	-	-	-
7,000	7,000				
225	225	-	-	-	-
362	105	-	-	-	-
41,929	41,929	41,929	41,929		
10,572	10,572	10,572	10,572		
125	125	125	125		

	2016	2015	2014	2013
Total Capacity (w/modulars)	325	325	325	325
Enrollment	201	258	249	244
Homeschool (2001)				
Building Square feet	7,000	7,000	7,000	7,000
Modular Square feet	-	-	-	-
Capacity (students)	225	225	225	225
Enrollment	206	194	470	385
<b>Administration Buildings</b>				
Central Office (1981)				
Building Square feet	6,134	6,134	6,134	6,134
Modular Square feet	7,212	7,212	7,884	8,076
Transportation/Nutrition Services (2002)				
Building Square feet	25,800	25,800	25,800	25,800
Modular Square feet	1,440	1,440	1,440	1,440
Creekside (2008)				
Building Square feet	35,806			
Modular Square feet	-			
Total Student Population	20,561	19,552	18,880	15,478

\* GOAL Academy joined the district in 2013/2014 school year. Their enrollment prior to joining the district is not included.

GOAL Academy is primarily an online school. With various small satellite sites for students to visit for additional learning. These sites change periodically based on need. Prior years were not available. The Creekside building was purchased in 2015

2012	2011	2010	2009	2008	2007
325	325	325	325		
233	220	200	187		
-	-	-	-	-	-
-	-	-	-	-	-
6,134	6,134	6,134	6,134	6,134	6,134
8,076	8,076	8,076	8,076	8,076	8,076
25,800	25,800	25,800	25,800	25,800	25,800
1,440	1,440	1,440	1,440	1,440	
15,063	14,708	14,398	13,616	12,783	12,256

EL PASO COUNTY SCHOOL DISTRICT 49  
 Capital Assets by Function/Program  
 Last Ten Fiscal Years

Governmental Activities	2016	2015	2014	2013
Instruction	211,624,573	210,439,589	206,271,659	205,341,762
General Administration	12,593,392	12,313,675	8,622,325	7,121,798
Operation and Maintenance	464,480	326,569	276,762	91,930
Student Transportation	8,773,770	8,249,302	7,694,696	7,424,696
Technology	1,916,705	1,916,705	1,916,705	1,916,705
Business	45,229	45,229	45,229	45,229
Business-type Activities				
Food Service	-	-	1,101,957	1,101,956
Total	235,418,150	233,291,069	225,929,333	223,044,076

Source: District Financial Records

2012	2011	2010	2009	2008	2007
201,779,181	197,631,047	196,365,203	196,984,706	191,367,260	141,420,892
7,021,798	6,950,027	6,778,232	5,802,432	5,604,270	4,697,904
48,394	48,394	48,394	48,394	48,394	48,394
7,424,696	7,371,620	6,761,030	6,517,820	6,168,661	6,073,123
1,879,589	1,879,589	1,838,890	852,318	460,045	84,380
45,229	45,229	45,229	12,589	12,589	12,589
1,101,956	1,101,956	1,070,696	1,043,007	956,916	911,111
219,300,843	215,027,862	212,907,674	211,261,265	204,618,134	153,248,394

EL PASO COUNTY SCHOOL DISTRICT 49  
Operating Statistics  
Last Ten Fiscal Years

	2016	2015	2014	2013
Primary Government Expenses	140,398,047	132,358,799	115,174,821	108,441,190
Enrollment, Oct 1 count	20,561	19,552	18,880	15,478
Funded Pupil Count (FPC)	21,839.3	20,222.5	18,279.3	14,572.9
Cost per FPC	6,428.69	6,545.13	6,300.83	7,441.29
Per Pupil Funding After Negative Factor	6,977.57	6,688.52	6,303.45	6,139.43
Students Qualified for Federal Assistance:				
Free Lunch Program	5,560	4,961	4,267	2,316
Reduced Lunch Program	1,556	1,345	1,404	959
ACT Average Composite score				
Falcon Virtual Academy	19.6	19.1	19.9	21.0
Falcon HS	20.2	20.1	19.9	20.0
Sand Creek HS	19.8	19.4	19.8	19.9
Vista Ridge HS	20.3	19.6	18.8	19.1
Patriot Learning Center	15.4	14.7	16.3	16.7
Goal Academy	15.4	16.1	16.3	-
Colorado Average	20.4	20.1	20.3	20.1
Dropout Rate	TBD	5.9	4.6	0.6
Graduation Rates				
Falcon Virtual Academy	TBD	91.9%	91.2%	92.3%
Falcon High School	TBD	92.1%	96.3%	94.4%
Goal Academy	TBD	30.2%	31.5%	
Patriot Learning Center	TBD	42.0%	57.4%	64.1%
Sand Creek High School	TBD	89.0%	89.8%	88.7%
Vista Ridge High School	TBD	88.1%	92.1%	94.6%
CO state	TBD	<b>77.3%</b>	<b>77.3%</b>	<b>76.9%</b>

	2012	2011	2010	2009	2008	2007
	95,914,797	103,533,372	106,550,684	112,004,016	98,547,589	80,993,652
	15,063	14,708	14,398	13,616	12,783	12,256
	14,283.7	14,027.8	13,698.0	12,984.3	12,221.5	11,580.5
	6,714.98	7,380.59	7,778.56	8,626.11	8,063.46	6,993.97
	6,137.57	6,202.47	6,872.52	6,529.78	6,279.02	5,981.42
	2,145	1,813	1,827	1,314	1,176	1,019
	1,027	909	887	974	808	678
	-	-	-	-	-	-
	19.9	20.0	20.4	19.5	19.08	19.4
	18.6	18.7	19.0	18.6	19.28	18.6
	19.2	19.2	19.8	-	-	-
	15.8	15.0	15.7	15.3	-	-
	-	-	-	-	-	-
	20.0	19.9	19.4	19.6	19.4	19.1
	0.7	0.9				
	85.7%	66.7				
	92.6%	94.7	88.8	84.7	84.2	83.9
	62.4%	55.4	56.2	50.0		
	91.4%	86.6	86.2	80.8	77.5	82.9
	95.3%	89.1				
	<b>75.4%</b>	<b>73.9</b>	<b>72.4</b>	<b>74.6</b>	<b>73.9</b>	<b>75.0</b>

## **COMPLIANCE SECTION**

# **SINGLE AUDIT**

**EL PASO COUNTY SCHOOL DISTRICT 49  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>U.S. Department of Agriculture</b>				
<i>Child Nutrition Cluster</i>				
Passed Through Colorado Department of Education				
School Breakfast Program	10.553	4553	\$ -	\$ 207,585
National School Lunch Program	10.555	4555		1,496,328
Summer Food Service Program for Children	10.559	4559		473
Passed Through Colorado Department of Human Services				
National School Lunch Program	10.555	4555		<u>299,445</u>
<i>Total Child Nutrition Cluster</i>				<u>2,003,831</u>
Total U.S. Department of Agriculture				<u>2,003,831</u>
<b>U.S. Department of Defense</b>				
Direct Programs				
Reserve Officer Training Corps (ROTC)	12.Unknown			<u>152,915</u>
Total Department of Defense				<u>152,915</u>
<b>U.S. Department of Education</b>				
Direct Programs				
Impact Aid	84.041		69,095	<u>392,529</u>
Passed Through Colorado Department of Education				
<i>Special Education Cluster</i>				
Special Education: Grants to States IDEA Part B	84.027	4027, 5027		2,465,911
Special Education: Preschool Grants	84.173	4173		<u>30,423</u>
<i>Total SPED Cluster</i>				<u>2,496,334</u>
No Child Left Behind, Title I, Part A	84.010	4010, 8010		1,197,670
Charter Schools	84.282	5282		209,936
English Language Learners, Title III, Part A	84.365	4365, 6365, 7365		67,457
Quality Teacher, Title II, Part A	84.367	4367		137,372
Race to the Top	84.412	5412		8,700
Passed through Colorado Community College System				
Vocational Education - Carl Perkins	84.048	4048		<u>66,594</u>
Total U.S. Department of Education			<u>69,095</u>	<u>4,576,592</u>
<b>Total Federal Awards</b>			<u>\$ 69,095</u>	<u>\$ 6,733,338</u>

See the accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of El Paso County School District 49 under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of El Paso County School District 49, it is not intended to and does not present the financial position, changes in net assets, or cash flows of El Paso County School District 49.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Pass-through entity identifying numbers are presented where available. ROTC does not have a CFDA number, so the Federal CFDA number on the Schedule of Expenditures of Federal Awards identifies the Department followed by "Unknown".

**NOTE 3 – INDIRECT COST RATE**

El Paso County School District 49 has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 4 – NON-CASH ASSISTANCE**

During the year end June 30, 2016, El Paso County School District 49 received \$299,445 in non-cash assistance in the form of food commodities.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education  
El Paso County School District 49

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of El Paso County School District 49, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise El Paso County School District 49's basic financial statements, and have issued our report thereon dated December 7, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered El Paso County School District 49's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of El Paso County School District 49's internal control. Accordingly, we do not express an opinion on the effectiveness of El Paso County School District 49's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency: 2016-001.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether El Paso County School District 49's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hoelting & Company Inc.*

Colorado Springs, Colorado  
December 7, 2016



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Education  
El Paso County School District 49

**Report on Compliance for Each Major Federal Program**

We have audited El Paso County School District 49's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of El Paso County School District 49's major federal programs for the year ended June 30, 2016. El Paso County School District 49's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of El Paso County School District 49's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about El Paso County School District 49's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of El Paso County School District 49's compliance.

***Opinion on Each Major Federal Program***

In our opinion, El Paso County School District 49, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

## Report on Internal Control Over Compliance

Management of El Paso County School District 49 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered El Paso County School District 49's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of El Paso County School District 49's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

El Paso County School District 49's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. El Paso County School District 49's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Hoelting & Company Inc.*

Colorado Springs, Colorado  
December 7, 2016



**EL PASO COUNTY SCHOOL DISTRICT 49**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

Section II—Financial Statement Findings

2016-001 Segregation of Duties – Wire Transfers

*Criteria:* Segregation of duties should be implemented throughout the accounting department. There should be proper segregation of duties ensuring that no one person has the ability to initiate, authorize and record financial transactions.

*Condition:* The chief business officer has the ability to initiate, authorize, and record wire transfers.

*Context:* This was noted during substantive testing of various cash and investment accounts.

*Effect:* Risk of misstatements due to error or fraud exists under this condition.

*Cause:* Some control procedures over segregation of duties were not implemented.

*Recommendation:* Management should implement proper segregation of duties by having different individuals perform authorization, initiation and recording of transactions.

*Management response:* Management concurs with the identified weakness in internal controls but further recognizes it as the last remnant of an old internal control style that has been continuously improved each of the last few years. The control item described herein has been adjusted as of June 2016. While the Chief Business Officer retains wire transfer rights for District accounts on bank systems, it is now only exercised when normal personnel are not available due to their absence from the work place.

Section III—Findings and Questioned Costs for Federal Awards

No findings reported.

**EL PASO COUNTY SCHOOL DISTRICT 49  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2016**

The Summary Schedule of Prior Audit Findings (the Summary) summarizes the status of the audit findings reported in the El Paso County School District 49 Schedule of Findings and Questioned Costs for the year ended June 30, 2015. If the prior audit finding was fully addressed, the Summary indicates that the corrective action described in the prior audit report was taken or that corrective action is no longer needed. Otherwise, the Summary references the page number of the June 30, 2016 single audit report where a repeat recommendation, description of the planned corrective action, or reason for not implementing the recommendation is presented.

<u>Finding Number</u>	<u>CFDA Number</u>	<u>Program/ Cluster Title</u>	<u>Finding</u>	<u>Status of Finding</u>
2013-001	N/A	N/A	Bank Reconciliation Procedures	Corrected
2013-002	N/A	N/A	Segregation of Duties— Journal Entries	Corrected
2014-001	N/A	N/A	Review, Reconciliation, and Closing Procedures	Corrected
2014-002	N/A	N/A	Recording non-cash transactions	Corrected

**COLORADO SCHOOL DISTRICT/BOCES AUDITORS'  
DATA INTEGRITY REPORT**

**Hc**  
**Hoelting & Company, Inc.**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON  
COLORADO SCHOOL DISTRICT/BOCES  
AUDITOR'S INTEGRITY REPORT**

To the Board of Education  
El Paso County School District 49

We have audited the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of El Paso County School District 49, as of and for the year ended June 30, 2016, which collectively comprise El Paso County School District 49's basic financial statements, and our report thereon dated December 7, 2016, which expressed an unmodified opinion on those financial statement, appears as listed in the table of contents.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the El Paso County School District 49's financial statements. The accompanying *Colorado School District/BOCES, Auditor's Integrity Report* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Hoelting & Company Inc.*

Colorado Springs, Colorado  
December 7, 2016



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 1110 - FALCON 49  
 Fiscal Year 2015-16  
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	20,544,958	105,648,800	105,882,759	20,311,000
18 Risk Mgmt Sub-Fund of General Fund	262,402	868,027	749,776	380,653
19 Colorado Preschool Program Fund	92,644	446,014	465,789	72,869
<b>Sub- Total</b>	<b>20,900,004</b>	<b>106,962,842</b>	<b>107,098,324</b>	<b>20,764,521</b>
11 Charter School Fund	10,132,033	54,734,928	47,051,977	17,814,984
20,26-29 Special Revenue Fund	0	330,443	307,566	22,877
21 Food Service Spec Revenue Fund	1,243,086	3,638,915	3,450,685	1,431,315
22 Govt Designated-Purpose Grants Fund	0	5,129,118	5,129,118	0
23 Pupil Activity Special Revenue Fund	139,825	1,118,269	924,846	333,249
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	1,175,486	1,175,486	0
31 Bond Redemption Fund	15,777,891	16,387,170	24,260,297	7,904,764
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	160,020	259,525	0	419,545
<b>Totals</b>	<b>48,352,860</b>	<b>189,736,696</b>	<b>189,398,300</b>	<b>48,691,256</b>
<b>Proprietary</b>				
50 Other Enterprise Funds	-3,425,004	340,569	503,295	-3,587,730
64 (63) Risk-Related Activity Fund	2,321,630	2,736,414	3,002,429	2,055,615
60,65-69 Other Internal Service Funds	0	0	0	0
<b>Totals</b>	<b>-1,103,374</b>	<b>3,076,983</b>	<b>3,505,724</b>	<b>-1,532,115</b>
<b>Fiduciary</b>				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	7,110	23	1,000	6,133
74 Pupil Activity Agency Fund	879,125	2,053,041	2,092,341	839,825
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
<b>Totals</b>	<b>886,235</b>	<b>2,053,064</b>	<b>2,093,341</b>	<b>845,958</b>

FINAL

\*If you have a prior period adjustment in any fund (Balance Sheet 6880), the amount of your priorperiod adjustment is added into both your ending and beginning fund balances on this report.

